

**SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]
FY 2018**

Name of Redevelopment Project Area (below):	
Downtown Redevelopment Project Area	
Combination/Mixed	
Primary Use of Redevelopment Project Area*: Use	
* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.	
Commercial/Residenti	
If "Combination/Mixed" List Component Types: al	
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):	
Tax Increment Allocation Redevelopment Act	<u> X </u>
Industrial Jobs Recovery Law	<u> </u>

Please utilize the information below to properly label the Attachments.

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment (labeled Attachment A).	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification (labeled Attachment B).		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion (labeled Attachment C).		X
Statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented and a description of the redevelopment activities. [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement (labeled Attachment D).		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) (labeled Attachment E).	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information (labeled Attachment F).	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) (labeled Attachment G).	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report (labeled Attachment H).		X
Were any obligations issued by the municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose any Official Statement (labeled Attachment I). If Attachment I is answered yes, then the Analysis must be attached and (labeled Attachment J).		X
An analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage. [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If attachment I is yes, then Analysis MUST be attached and (labeled Attachment J).		X
Has a cumulative of \$100,000 of TIF revenue been deposited into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund (labeled Attachment K).		X
Cumulatively, have deposits of incremental taxes revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, the audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3 (labeled Attachment L).		X
A list of all intergovernmental agreements in effect to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose the list only, not actual agreements (labeled Attachment M).	X	

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d)(5)(a)(b)(d)) and (65 ILCS 5/11-74.6-22 (d) (5)(a)(b)(d))

Provide an analysis of the special tax allocation fund.

FY 2018

TIF NAME: **Downtown Redevelopment Project Area**

Special Tax Allocation Fund Balance at Beginning of Reporting Period

SOURCE of Revenue/Cash Receipts:	Revenue/Cash Receipts for Current Reporting Year	Cumulative Totals of Revenue/Cash Receipts for life of TIF	% of Total
Property Tax Increment	\$ 2,170,632	\$ 12,793,114	100%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	\$ 2,314	\$ 21,506	0%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources			0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

All Amount Deposited in Special Tax Allocation Fund \$ 2,172,946

Cumulative Total Revenues/Cash Receipts \$ 12,814,620 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) \$ 2,172,946

Transfers to Municipal Sources

Distribution of Surplus

Total Expenditures/Disbursements \$ 2,172,946

Net/Income/Cash Receipts Over/(Under) Cash Disbursements \$ 0

FUND BALANCE, END OF REPORTING PERIOD* \$ 0

* If there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) (c) and 65 ILCS 5/11-74.6-22 (d) (5)(c))

FY 2018

TIF NAME:

Downtown Redevelopment Project Area

ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND
(by category of permissible redevelopment project costs)

PAGE 1

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	Amounts	Reporting Fiscal Year
1. Cost of studies, surveys, development of plans, and specifications. Implementation and administration of the redevelopment plan, staff and professional service cost.		
		\$ -
2. Annual administrative cost.		
		\$ -
3. Cost of marketing sites.		
		\$ -
4. Property assembly cost and site preparation costs.		
		\$ -
5. Costs of renovation, rehabilitation, reconstruction, relocation, repair or remodeling of existing public or private building, leasehold improvements, and fixtures within a redevelopment project area.		
		\$ -
6. Costs of the construction of public works or improvements.		
Repayment of principal of 2009 refunding bonds used for the Children's Discovery Museum and Parking Decks	685,000	
Repayment of principal of 2012 refunding bonds used for Parking Decks		
Repayment of principal of 2013 refunding bonds used for Parking Decks	251,693	
Repayment of principal of 2017A refunding bonds used for Parking Decks		
		\$ 936,693

SECTION 3.2 A

13. Relocation costs.		
		\$ -
14. Payments in lieu of taxes.		
		\$ -
15. Costs of job training, retraining, advanced vocational or career education.		
		\$ -
16. Interest cost incurred by redeveloper or other nongovernmental persons in connection with a redevelopment project.		
Heartland Bank and Trust	58,078	
Steinbach (Medici)	22,320	
Frederick J Hafner Jr (Student Housing 602, 604, 607 Broadway)	23,758	
MCP Uptown Owner LLC (Uptown Crossings)	217,078	
		\$ 321,235
17. Cost of day care services.		
		\$ -
18. Other.		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 2,172,946

SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5d) 65 ILCS 5/11-74.6-22 (d) (5d)

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period by source

FY 2018

TIF NAME:

Downtown Redevelopment Project Area

FUND BALANCE BY SOURCE

\$ 0

Amount of Original Issuance	Amount Designated
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1. Description of Debt Obligations

2003 Bond Issue/2009 Bond Refunding	\$ 10,000,000	\$ 2,419,211
2004 Bond Issue/2012 Bond Refunding	\$ 10,000,000	\$ 2,189,551
2005 Bond Issue/2013 Bond Refunding	\$ 10,000,000	\$ 6,602,160
2006 Bond Issue/2016A Bond Refunding	\$ 10,000,000	\$ 10,000,000
2007 Bond Issue/2017A & B Bond Refunding	\$ 24,700,000	\$ 15,647,543
2008 Bond Issue	\$ 10,000,000	\$ 5,990,727

Total Amount Designated for Obligations

\$ 74,700,000	\$ 42,849,192
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2. Description of Project Costs to be Paid

Property Assembly Cost		\$ 730,341
Public Parking		\$ 416,373
Roads, Plaza, Utilities		\$ 718,874
Public Facilities		\$ 2,032,926
Grant and Loans		\$ 1,492,281
Other Public Improvements		\$ 184,030
Professional Services		\$ 1,139,044

Total Amount Designated for Project Costs

\$ 6,713,869

TOTAL AMOUNT DESIGNATED

\$ 49,563,061

SURPLUS/(DEFICIT)

\$ (49,563,061)

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

FY 2018

TIF NAME:

Downtown Redevelopment Project Area

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

X

Check here if no property was acquired by the Municipality within the Redevelopment Project Area.

Property Acquired by the Municipality Within the Redevelopment Project Area.

Property (1):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 - 20 ILCS 620/4.7 (7)(F)

PAGE 1

FY 2018

TIF Name: **Downtown Redevelopment Project Area**Page 1 is to be included with TIF report. Pages 2 and 3 are to be included **ONLY** if projects are listed.**Select ONE of the following by indicating an 'X':**

1. NO projects were undertaken by the Municipality Within the Redevelopment Project Area.	
2. The Municipality DID undertake projects within the Redevelopment Project Area. (If selecting this option, complete 2a.)	X
2a. The number of projects undertaken by the municipality within the Redevelopment Project Area:	7

LIST the projects undertaken by the Municipality Within the Redevelopment Project Area:

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ 96,973,000	\$ -	\$ 96,973,000
Public Investment Undertaken	\$ 58,556,746	\$ 337,940	\$ 59,130,327
Ratio of Private/Public Investment	1 21/32		1 16/25

*PROJECT NAME TO BE LISTED AFTER PROJECT NUMBER

Project 1*: Children's Discovery Museum

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	\$ 10,589,526		\$ 10,589,526
Ratio of Private/Public Investment	0		0

Project 2*: Hotel & Parking

Private Investment Undertaken (See Instructions)	\$ 56,000,000		\$ 56,000,000
Public Investment Undertaken	\$ 28,514,486		\$ 28,514,486
Ratio of Private/Public Investment	1 80/83		1 80/83

Project 3*: College Avenue Parking Deck

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken	\$ 17,866,315		\$ 17,866,315
Ratio of Private/Public Investment	0		0

Project 4*: Heartland Bank

Private Investment Undertaken (See Instructions)	\$ 9,100,000		\$ 9,100,000
Public Investment Undertaken	\$ 521,742	\$ 60,000	
Ratio of Private/Public Investment	17 34/77		0

Project 5*: Steinbach Inc.

Private Investment Undertaken (See Instructions)	\$ 3,857,000		\$ 3,857,000
Public Investment Undertaken	\$ 133,948	\$ 21,700	\$ 350,000
Ratio of Private/Public Investment	28 31/39		11 1/50

Project 6*: Hafner

Private Investment Undertaken (See Instructions)	\$ 1,400,000		\$ 1,400,000
Public Investment Undertaken	\$ 207,788	\$ 23,100	\$ 310,000
Ratio of Private/Public Investment	6 45/61		4 16/31

Project 7*: JRH MRH/MCP Uptown Owner

Private Investment Undertaken (See Instructions)	\$ 26,616,000		\$ 26,616,000
Public Investment Undertaken	\$ 722,941	\$ 233,140	\$ 1,500,000
Ratio of Private/Public Investment	36 40/49		17 61/82

Project 8*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 9*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 10*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 11*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 12*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 13*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 14*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Project 15*:

Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois. ***even though optional MUST be included as part of the complete TIF report**

SECTION 6
FY 2018

TIF NAME: Downtown Redevelopment Project Area

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

Year redevelopment project area was designated	Base EAV	Reporting Fiscal Year EAV
2003	\$ 14,669,476	\$ 39,160,098

List all overlapping tax districts in the redevelopment project area.
If overlapping taxing district received a surplus, list the surplus.

_____ Check if the overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment project area to overlapping districts
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

SECTION 7

Provide information about job creation and retention:

Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

SECTION 8

Provide a general description of the redevelopment project area using only major boundaries:

Optional Documents	Enclosed
Legal description of redevelopment project area	
Map of District	



Attachment B

September 15, 2018

Local Government Division
Office of the Comptroller
100 W. Randolph, Suite 15-500
Chicago, IL 60601

Re: Report of Annual Activities – Normal Downtown Renewal Redevelopment Project Area
April 1, 2017 - March 31, 2018

Dear Local Government Compliance Manager:

Pursuant to the Tax Increment Allocation Redevelopment Act, the Town of Normal hereby submits the annual Tax Increment Finance Report for Normal for the period from April 1, 2017 through March 31, 2018.

I hereby certify that the Town of Normal has complied with all requirements of the Tax Increment Allocation Redevelopment Act, including reporting requirements during Fiscal Year 2017-18.

Should you have any questions concerning our annual report, please contact Andrew Huhn, Finance Director (309) 454-2444.

Sincerely,

A handwritten signature in blue ink that reads "Christopher Koos".

Christopher Koos
Mayor

Enclosure



September 15, 2018

Local Government Division
Office of the Comptroller
100 W. Randolph, Suite 15-500
Chicago, IL 60601

Re: Report of Annual Activities – Normal Downtown Renewal Redevelopment
Project Area April 1, 2017 – March 31, 2018

Dear Local Government Compliance Manager:

I am legal counsel for the Town of Normal, Illinois (the "Town"), and in accordance with the requirements of Section 11-74.4-5 of the Tax Increment Allocation Redevelopment Act in the Illinois Municipal Code, I have examined, *inter alia*, the following:

1. The Annual Tax Increment Finance Report for Normal Downtown Renewal Redevelopment Project Area dated September 15, 2018.
2. A letter dated September 15, 2018, from Christopher Koos, Mayor, addressed to the Office of the Comptroller as addressed above regarding the certification by the Mayor as the Chief Executive Office of the Town, as required by Section 11-74.4-5 Act.

Based on the foregoing and in reliance on the factual matters contained therein, but without having independently verified the accuracy or completeness of such factual matters, I am of the opinion that the Town was in compliance with the Act of and during the period covered by such reported information.

Sincerely,

A handwritten signature in blue ink that reads "Brian D. Day".

Brian D. Day
Corporation Counsel

"Committed to Service Excellence"

Attachment D

Trail East Project

In FY 2018, the Town issued a Request for Proposals for development of the Trail East property, a 1.28-acre site on the northeast arc of Uptown Circle. Development of the Trail East site was called out in the original Uptown Normal Renewal Plan approved by the Council in 2000 and the Downtown/Uptown (TIF) Redevelopment Plan and Project.

Major components of the original Uptown Plan include a hotel and conference center, children's museum, multimodal transportation center, enhanced sidewalks, rehabilitated historic buildings, and a traffic circle surrounded by five architecturally significant buildings. With the exception of the subject of the RFP and one other building on the circle, all of the major plan components have been built. Development of the Trail East site is a logical progression in the implementation of the Uptown Plan.

The RFP called out the Town's primary goals for site development:

- Maximize the site's aesthetic potential and its contribution to the vibrancy of Uptown Normal
- Provide Class A office space for a professional services tenant
- Incorporate retail space on the development's ground floor

Although preferred uses of the site are office and retail, the RFP noted the Town recognizes that a residential component may be necessary to make the development financially feasible.

The Town received six requests for the RFP and received three responses. An internal staff committee reviewed the proposals and although all were impressive, the committee agreed the proposal submitted by Bush Construction of Davenport, Iowa had the best approach to the project including an innovative funding strategy incorporating New Market Tax Credits.

Bush proposed construction of a five-story mixed-use building with frontage on Uptown Circle, Constitution Boulevard and College Avenue.

Bush estimates the cost of the building as designed is \$29.2 million including hard costs of \$25.4 million. Funding would come from a variety of sources including debt, owner equity and New Market Tax Credits. Bush anticipates requesting a contribution of TIF funds to be generated by the project. The amount of TIF requested will depend on final design and associated costs.

A formal development agreement will be considered by the Council in late fall. If the development agreement is approved, design will begin immediately followed by construction in late spring 2019.



MINUTES
Joint Review Board
Town of Normal Downtown (Uptown) Normal TIF
Redevelopment Plan and Project
September 13, 2017

The Joint Review Board (JRB) for the Town of Normal Downtown (Uptown) Normal Tax Increment Financing District met September 13, 2017 to review the Downtown (Uptown) Normal Tax Increment Redevelopment Plan and Project.

Mark Peterson, Town of Normal City Manager and JRB Chairman, called the meeting to order at 4:10 PM in the Ron Hill Room (Room 334) of Normal City Hall in Uptown Station. Also present were JRB members Doug Minter, Heartland Community College; M. Curt Richardson, Unit District #5; Sarah Grammer, Normal Township; and John Alft, Citizen Representative.

Also in attendance were Jeanne Moonan; and Town of Normal staff members Andrew Huhn, Finance Director; Karen Killingsworth, Financial Analyst; Deanna Mocchi, Accountant ; Bryan Day, Corporation Counsel; and Sally Heffernan, Economic Development Director.

Mr. Alft moved approval of the minutes of September 13, 2016; Mr. Richardson seconded, and the motion passed on a unanimous voice vote.

Ms. Heffernan noted the equalized assessed valuation of property in the Uptown TIF rose from \$16.3 million in 2005 to \$37.9 million in 2016.

She reviewed activity in the Uptown TIF. One Uptown Circle, a mixed-use development, will be completed in December 2017. The project is not funded with TIF. Passenger rail improvements include new Siemens high-speed locomotives, renovations to the former Amtrak station on the south side of the tracks and construction of a new southside platform. Rail improvements were funded primarily with federal enhancement funds. No TIF funds were contributed to the projects. New businesses include Whimsy, Starbuck's, Uptown Pizza, One Life and several small, second-story offices. Beyond Normal relocated to a recently renovated building at 112 North Street which includes second-story apartments.

Mr. Minter moved to adjourn the meeting of the Downtown (Uptown) Normal JRB. Mr. Richardson seconded, and the motion passed on a unanimous voice vote.

**NEW ISSUE
BOOK-ENTRY ONLY
BANK QUALIFIED**

**Ratings:
FITCH: “AAA” (Stable Outlook)
MOODY’S: “Aa1”(Stable Outlook)
See “BOND RATINGS” herein**

Subject to compliance by the Town with certain covenants, in the opinion of Hart, Southworth & Witsman, Springfield, Illinois (“Bond Counsel”), under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See “TAX EXEMPTION” herein for a more complete discussion. The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “Qualified Tax-Exempt Obligations” herein.

**Town of Normal
McLean County, Illinois
\$9,255,000 General Obligation Refunding Bonds, Series 2018**

Dated: March 8, 2018

Due: June 1, as further described on the inside cover page

The General Obligation Refunding Bonds, Series 2018 (the “Bonds”), of the Town of Normal, McLean County, Illinois (the “Town”), will be issued in fully registered form and will be registered initially only in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds purchased. Ownership by the beneficial owners of the Bonds will be evidenced by book-entry only. Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, Indianapolis, Indiana, as bond registrar and paying agent, to DTC, which in turn will remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments of principal of and interest on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. Individual purchases of the Bonds will be made in the principal amount of \$5,000 or any integral multiple thereof.

The Bonds will bear interest from their dated date at the rates per annum as shown on the inside cover page. Interest on the Bonds (computed on the basis of a 360-day year consisting of twelve 30-day months) will be payable semi-annually on each June 1 and December 1, commencing December 1, 2018.

Proceeds of the Bonds will be used to (a) refund certain of the Town’s outstanding bonds and (b) pay costs associated with the issuance of the Bonds.

The Bonds due on or after June 1, 2028, are subject to redemption prior to maturity at the option of the Town, as a whole or in part, on any date on or after June 1, 2027, at the redemption price of par plus accrued interest to the redemption date. See “THE BONDS—Redemption” herein.

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the Town and are payable from any funds of the Town legally available for such purpose, and all taxable property in the Town is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See “THE BONDS—Security” herein.

The Bonds are offered when, as and if issued by the Town and received by Mesirow Financial, Inc., Chicago, Illinois (the “Underwriter”), subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Hart, Southworth & Witsman, Springfield, Illinois, Bond Counsel. Certain legal matters will be passed upon for the Town by its Corporation Counsel, Brian Day, and for the Underwriter by its counsel, Chapman and Cutler LLP, Chicago, Illinois. It is expected that beneficial interests in the Bonds will be available for delivery through the facilities of DTC on or about March 8, 2018.



The date of this Official Statement is February 14, 2018.

**Town of Normal
McLean County, Illinois**

\$9,255,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2018

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

MATURITY (JUNE 1)	AMOUNT	INTEREST RATE	YIELD	CUSIP NUMBER* (656066)
2019	\$230,000	4.000%	1.580%	RB5
2020	535,000	4.000%	1.790%	RC3
2021	540,000	4.000%	1.970%	RD1
2022	540,000	4.000%	2.130%	RE9
2023	540,000	4.000%	2.290%	RF6
2024	535,000	4.000%	2.410%	RG4
2025	535,000	4.000%	2.550%	RH2
2026	535,000	4.000%	2.690%	RJ8
2027	535,000	4.000%	2.800%	RK5
2028	530,000	4.000%	2.880%	RL3
2029	530,000	4.000%	2.950%	RM1
2030	530,000	4.000%	3.000%	RN9
2031	525,000	4.000%	3.060%	RP4
2032	520,000	4.000%	3.110%	RQ2
2033	520,000	4.000%	3.170%	RR0

3.500% \$1,575,000 Term Bond due June 1, 2038; Yield 3.676%; CUSIP* 656066 RS8

* CUSIP data herein is provided by the CUSIP Global Services, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Companies Financial. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers may also be subject to change after the issuance of the Bonds.

No dealer, broker, salesman or other person has been authorized by the Town or the Underwriter to give any information or to make any representations other than those contained in this Official Statement in connection with the offering described herein and if given or made, such other information or representations must not be relied upon as statements having been authorized by the Town, the Underwriter or any other entity. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, nor shall there be any offer to sell or solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes.

Unless otherwise indicated, the Town is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning DTC has been obtained from DTC. The other information set forth herein has been furnished by the Town or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Any statements made in this Official Statement, including the Exhibits and Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the Town's beliefs as well as assumptions made by and information currently available to the Town. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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EXHIBITS

- Exhibit A-1 — Statement of Net Assets - Governmental Activities, Fiscal Years Ended March 31, 2013-2017
- Exhibit A-2 — Statement of Activities - Governmental Activities, Fiscal Years Ended March 31, 2013-2017
- Exhibit B-1 — Balance Sheet - General Fund, Fiscal Years Ended March 31, 2013-2017
- Exhibit B-2 — Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund, Fiscal Years Ended March 31, 2013-2017
- Exhibit C — Summary of Budgeted Appropriations - General Fund Fiscal Year Ending March 31, 2018
- Exhibit D — General Fund Revenue Sources, Fiscal Year Ended March 31, 2017

APPENDICES

- Appendix A — Audited Financial Statements of the Town for the Fiscal Year Ended March 31, 2017
- Appendix B — Proposed Form of Opinion of Bond Counsel

**TOWN OF NORMAL
McLean County, Illinois**

11 Uptown Circle
Normal, Illinois 61761
(309) 454-2444

TOWN COUNCIL

Christopher Koos, *Mayor*

Chemberly Cummings
Jeff Fritzen
Kathleen Lorenz

R.C. McBride
Kevin McCarthy
Scott Preston

Mark R. Peterson, *City Manager*⁽¹⁾

Angie Huonker, *Town Clerk*

Andrew Huhn, *Finance Director*

Brian Day
Corporation Counsel
Normal, Illinois

Mesirow Financial, Inc.
Underwriter
Chicago, Illinois

Hart, Southworth & Witsman
Bond Counsel
Springfield, Illinois

Chapman and Cutler LLP
Underwriter's Counsel
Chicago, Illinois

U.S. Bank National Association
Registrar/Paying Agent/Escrow Agent
Indianapolis, Indiana

Lauterbach & Amen, LLP
Auditor
Warrenville, Illinois

(1) Mark Peterson has announced his retirement, and the Council has appointed Pamela Reece as the City Manager, effective April 1, 2018.

OFFICIAL STATEMENT

Town of Normal McLean County, Illinois \$9,255,000 General Obligation Refunding Bonds, Series 2018

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning the Town of Normal, McLean County, Illinois (the "*Town*"), in connection with the offering and sale of its General Obligation Refunding Bonds, Series 2018 (the "*Bonds*").

This Official Statement contains "forward-looking statements" that are based upon the Town's current expectations and its projections about future events. When used in this Official Statement, the words "project," "estimate," "intend," "expect," "scheduled," "pro-forma" and similar words identify forward-looking statements. Forward-looking statements are subject to known and unknown risks, uncertainties and factors that are outside of the control of the Town. Actual results could differ materially from those contemplated by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Neither the Town nor any other party plans to issue any updates or revisions to these forward-looking statements based on future events.

THE BONDS

AUTHORITY AND PURPOSE

The Town is a home rule unit of government under the provisions of Section 6(a) of Article VII of the 1970 Illinois Constitution (the "*Constitution*"). The Bonds are being issued pursuant to the Town's home rule powers, the Illinois Municipal Code, the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and pursuant to a bond ordinance adopted by the Town Council on December 18, 2017, as supplemented by a bond order (together, the "*Board Ordinance*").

Proceeds of the Bonds will be used to (a) refund all of the Town's outstanding General Obligation Bonds, Series 2008, dated August 14, 2008 (the "*Series 2008 Bonds*," and those Series 2008 Bonds being refunded, the "*Refunded Bonds*"), and (b) pay costs associated with the issuance of the Bonds. See "THE REFUNDING" herein.

GENERAL DESCRIPTION

The Bonds will be dated the date of issuance thereof, will be in fully registered form, without coupons, and will be in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York ("*DTC*"). Principal of and interest on the Bonds will be payable by U.S. Bank National Association, Indianapolis, Indiana (the "*Registrar*").

The Bonds will mature as shown on the inside cover page hereof. Interest on the Bonds will be payable each June 1 and December 1, beginning December 1, 2018.

The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date.

REGISTRATION AND TRANSFER

The Registrar will maintain books for the registration of ownership and transfer of the Bonds. Subject to the provisions of the Bonds as they relate to book-entry form, any Bond may be transferred upon the surrender thereof at the principal corporate trust office of the Registrar, together with an assignment duly executed by the registered owner or his or her attorney in such form as will be satisfactory to the Registrar. No service charge shall be made for any transfer or exchange of Bonds, but the Town or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen (15) days next preceding mailing of a notice of redemption of any Bonds.

REDEMPTION

Optional Redemption. The Bonds due on or after June 1, 2028, are subject to redemption prior to maturity at the option of the Town as a whole or in part in integral multiples of \$5,000 in any order of their maturity as determined by the Town (less than all of the Bonds of a single maturity to be selected by the Registrar), on June 1, 2027, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds due on June 1, 2038, are subject to mandatory redemption, in integral multiples of \$5,000 selected by lot by the Registrar, at a redemption price of par plus accrued interest to the redemption date, on June 1 of the years and in the principal amounts as follows:

FOR THE BONDS DUE JUNE 1, 2038

YEAR	PRINCIPAL AMOUNT
2034	\$ 15,000
2035	15,000
2036	15,000
2037	15,000
2038	1,515,000 (stated maturity)

The principal amounts of Bonds to be mandatorily redeemed in each year may be reduced through the earlier optional redemption thereof, with any partial optional redemptions of such Bonds credited against future mandatory redemption requirements in such order of the mandatory redemption dates as the Town may determine. In addition, on or prior to the 60th day preceding any mandatory redemption date, the Registrar may, and if directed by the Town shall, purchase Bonds required to be retired on such mandatory redemption date. Any such Bonds so purchased shall be cancelled and the principal amount thereof shall be credited against the mandatory redemption required on such next mandatory redemption date.

General. The Town will, at least 45 days prior to any optional redemption date (unless a shorter time period shall be satisfactory to the Registrar), notify the Registrar of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Registrar from the Bonds of such maturity by such method of lottery as the Registrar shall deem fair and appropriate (except when the Bonds are held in a book-entry system, in which case the selection of Bonds to be redeemed will be made in accordance with procedures established by DTC or any other book-entry depository); *provided* that such lottery shall provide for the selection for redemption of Bonds or portions thereof in principal amounts of \$5,000 and integral multiples thereof.

Unless waived by any holder of Bonds to be redeemed, notice of the call for any redemption will be given by the Registrar on behalf of the Town by mailing the redemption notice by first-class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to each registered owner of the Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such registered owner to the Registrar.

Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed at the option of the Town are received by the Registrar prior to the giving of such notice of redemption, such notice may, at the option of the Town, state that said redemption will be conditional upon the receipt of such moneys by the Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the Town will not redeem such Bonds, and the Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the Town will deposit with the Registrar

an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, and notwithstanding failure to receive such notice, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the Town shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Registrar at the redemption price.

SECURITY

The Bonds, in the opinion of Hart, Southworth & Witsman, Springfield, Illinois (“*Bond Counsel*”), will be valid and legally binding general obligations of the Town and will be secured by the full faith and credit of the Town and are payable, as to both principal and interest, from ad valorem taxes to be levied on all taxable property within the Town without limitation as to rate or amount.

The Bond Ordinance provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the Town in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds. The Bond Ordinance will be filed with the County Clerk of McLean County, Illinois (the “*County Clerk*”), and will serve as authorization to the County Clerk to extend and collect the property taxes as set forth in the Bond Ordinance to pay the Bonds.

Reference is made to Appendix B for the proposed form of opinion of Bond Counsel.

THE REFUNDING

Proceeds of the Bonds will be used to refund the Refunded Bonds, further described as follows:

SERIES 2008 BONDS

MATURITY (JUNE 1)	ORIGINAL AMOUNT ISSUED	AMOUNT REFUNDED BY THE BONDS	CALL PRICE	CALL DATE
2018	\$ 500,000	\$ 500,000	Not Callable	Not Callable
2019	500,000	500,000	100%	06/01/2018
2020	500,000	500,000	100%	06/01/2018
2021	500,000	500,000	100%	06/01/2018
2022	500,000	500,000	100%	06/01/2018
2023	500,000	500,000	100%	06/01/2018
2024	500,000	500,000	100%	06/01/2018
2025	500,000	500,000	100%	06/01/2018
2026	500,000	500,000	100%	06/01/2018
2027	500,000	500,000	100%	06/01/2018
2028	500,000	500,000	100%	06/01/2018
2029	500,000 ⁽¹⁾	500,000	100%	06/01/2018
2030	500,000 ⁽¹⁾	500,000	100%	06/01/2018
2031	500,000	500,000	100%	06/01/2018
2032	500,000	500,000	100%	06/01/2018
2033	500,000	500,000	100%	06/01/2018
2038	1,500,000	1,500,000	100%	06/01/2018
TOTAL	\$9,500,000	\$9,500,000		

(1) Mandatory sinking fund payment.

Certain proceeds received from the sale of the Bonds will be deposited in an Escrow Account (the “*Escrow Account*”) to be held by U.S. Bank National Association, Indianapolis, Indiana (the “*Escrow Agent*”), under the terms of an Escrow Agreement, dated as of the date of issuance of the Bonds, between the Town and the Escrow Agent. The moneys so deposited in the Escrow Account will be held in cash or applied by the Escrow Agent to purchase direct non-callable obligations of, or obligations guaranteed by the full faith and credit of, the United States of America (the “*Government Securities*”) and to provide an initial cash deposit. The Government Securities together with interest earnings thereon and the beginning cash deposit will be sufficient to pay when due the principal of and interest on the Refunded Bonds up to and including the maturity or prior redemption date thereof.

SOURCES AND USES

The sources and uses of funds resulting from the Bonds are shown below:

SOURCES:	
Principal Amount	\$9,255,000.00
Net Original Issue Premium	<u>561,690.80</u>
Total Sources	\$9,816,690.80
USES:	
Deposit to Escrow Account to pay Refunded Bonds	\$9,685,781.55
Costs of Issuance*	<u>130,909.25</u>
Total Uses	\$9,816,690.80

* Includes underwriter's discount and other issuance costs.

RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

FINANCES OF THE STATE OF ILLINOIS

The State of Illinois (the "*State*") has experienced adverse fiscal conditions resulting in significant shortfalls between the State's general fund revenues and spending demands. The State failed to enact a full budget for the State fiscal years ending June 30, 2016, and June 30, 2017, which had a significant, negative impact on the State's finances, although certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees, including spending for elementary and secondary education. In addition, the underfunding of the State's pension systems and a bill backlog of billions of dollars contributed to the State's poor financial health. On July 6, 2017, the General Assembly of the State enacted a budget for the State fiscal year ending June 30, 2018.

The State's general fiscal condition and the underfunding of the State's pension systems have materially adversely affected the State's financial condition and may result in decreased or delayed State appropriations to the Town.

The Town cannot predict the effect the State's ongoing financial problems may have on the Town's future finances.

LOCAL ECONOMY

The financial health of the Town is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the Town.

LOSS OR CHANGE OF BOND RATINGS

The Bonds have received a credit rating from Fitch Ratings, Inc., New York, New York (*Fitch*) and Moody's Investors Service, New York, New York (*Moody's*). The ratings can be changed or withdrawn at any time for reasons both under and outside the Town's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

SECONDARY MARKET FOR THE BONDS

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

CONTINUING DISCLOSURE

A failure by the Town to comply with the Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE" herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission (the "*Commission*") under the Securities Exchange Act of 1934, as amended (the "*Exchange Act*"), and may adversely affect the transferability and liquidity of the Bonds and their market price.

SUITABILITY OF INVESTMENT

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the Bonds is currently

more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

FUTURE CHANGES IN LAWS

Various state and federal laws, regulations and constitutional provisions apply to the Town and to the Bonds. The Town can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the Town, or the taxing authority of the Town. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the Town, the taxable value of property within the Town, and the ability of the Town to levy property taxes or collect revenues for its ongoing operations.

FACTORS RELATING TO TAX EXEMPTION

As discussed under “TAX EXEMPTION” herein, interest on the Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Town in violation of its covenants in the Bond Ordinance. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States (“Congress”) legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the Town’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the Town.

The tax-exempt bond office of the Internal Revenue Service (the “Service”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for Federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the Town as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the Town could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

BANKRUPTCY

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

THE TOWN

GENERAL INFORMATION

The Town is located in central Illinois, was incorporated in 1867 and is a home rule unit of government under the Constitution. The Town encompasses an area of approximately 17 square miles in McLean County, Illinois (the "*County*"). The Town and its sister community, the City of Bloomington ("*Bloomington*"), are within a three-hour drive of Chicago, Illinois, St. Louis, Missouri, and Indianapolis, Indiana.

The Normal/Bloomington community is steady due in large part to the stable economy and exceptional transportation, education and healthcare systems. Employers both large and small have recognized the benefits of these community features and have contributed to the expanding, diverse employment base.

The Town is home to many of the County's largest employers. The local economy is bolstered by the presence of State Farm Insurance Companies' corporate and regional headquarters, which is located in Bloomington.

MANAGEMENT BUDGET DISCUSSION

The Town ended fiscal year 2017 with a \$600,000 deficit and projects that it will have a \$1,600,000 deficit for fiscal year 2018. The Town is experiencing revenue challenges due to a number of factors including changes in the State's budget which decreased the amount of income tax revenue shared with the Town and the State's addition of a 2% surcharge for distribution of home rule sales tax receipts. Additionally, the Town has experienced declines in sales tax and utility tax revenue as consumer behaviors and demands have changed. Finally, in 2017 the City of Bloomington withdrew from the Metrozone Agreement entered into between it and the Town, which provided for expense and revenue sharing from the economic development of a specific shared geographic area. The Agreement had been in place for over thirty years and for the past few years has provided the Town with approximately \$1,200,000 in annual revenue. Fiscal year 2018 will be the first year the Town does not receive such revenue.

In order to address these budget deficits, the Town has, with Council approval, adopted an expense-cutting package which includes eliminating 24 positions (18 via attrition and 6 via lay-offs effective April 1, 2018) and eliminating multiple programs. Additionally, the Town plans to raise revenue over the next 4 years via increases in waste collection fees and sewer

system rates. The Town believes these measures will result in balanced budgets at target reserve levels for the next 5 years.

TRANSPORTATION

Interstate System: The Town is bounded by three major interstate highway systems. Interstates 39, 55 and 74 offer highway travel opportunities to the central Illinois area in addition to Illinois Route 9 and U.S. 150 which intersects the Normal and Bloomington communities.

Rail System: The Town is located on the Chicago/St. Louis rail corridor. Amtrak has a station in the Town which serves a large population from Illinois State University as well as the Normal and Bloomington business communities commuting to both Chicago and St. Louis. Normal's passenger rail ridership is one of the highest in Illinois. The State's Chicago-St. Louis high-speed rail project is in its final phase of construction and according to the Illinois Department of Transportation should be completed in 2019. The Project is about 284 miles long with Amtrak trains operating primarily on Union Pacific Railroad track. The Town has completed many projects to prepare its rail lines for high-speed traffic.

Central Illinois Regional Airport: The Central Illinois Regional Airport ("CIRA") is a regional hub for air transportation, offering commuter and jet service to major national destinations. CIRA has two runways and a 102,300 square foot terminal. American Airlines, Delta and Allegiant provide non-stop and connecting service through major hubs which provide worldwide access to and from the central Illinois community.

GOVERNMENT AND MUNICIPAL SERVICES

The Town operates under the Council/Manager form of government. The Town's legislative authority is vested in a seven-member Board of Trustees (the "*Council*") consisting of the President (Mayor) and six Trustees. Under this system, the Mayor and Council are responsible for enacting local laws, ordinances and resolutions as well as determining overall Town policies. The Mayor and Council are elected at large in nonpartisan elections.

The Council also appoints a City Manager. The City Manager is the chief administrative officer of the Town and is responsible for the daily operation of all city departments. The City Manager oversees the hiring of all Town employees, except fire fighters and police officers, and prepares the agenda for City Council meetings. The City Manager is assisted by 15 department heads, more than 370 full-time employees and over 300 seasonal or part-time employees.

As a full-service municipality, the Town provides comprehensive public safety services, park and recreation services, waste and street maintenance services and water and sewer utility services.

EDUCATION

Primary and secondary educational needs are provided by Community Unit School District Number 5 (the “*School District*”), which operates 17 elementary schools, 4 junior high schools and 2 high schools, serving over 13,500 students.

Higher educational opportunities are available at the following institutions:

- *Illinois State University* — Illinois State University (“*ISU*”) was founded in 1857. The Town of Normal developed around the ISU, which is located in the central part of the Town, adjacent to the Uptown Business District. ISU had a fall 2017 enrollment of 20,784, which includes 2,454 graduate students and 18,330 undergraduate students. ISU offers a broad selection of both undergraduate and graduate programs. Students can select their courses from among the University’s six colleges and 34 academic departments including the Mennonite College of Nursing and the Katie Insurance School. Undergraduate programs are offered in over 160 fields of study while the Graduate program offers 53 Masters Certificates and Doctoral degree programs.
- *Illinois Wesleyan University* — Illinois Wesleyan University (“*IWU*”) is located in Bloomington, Illinois, and is located less than two miles from ISU in Normal. IWU is an independent co-educational undergraduate institution founded in 1850. Fall 2017 enrollment was 1,649. The U.S. News and World Report has often ranked IWU among the nation’s best buys and has consistently ranked Illinois Wesleyan among the best National Liberal Arts Colleges and Universities in the nation. IWU students are offered a quality education in the College of Liberal Arts’ 42 majors, the College of Fine Arts and the School of Nursing.
- *Heartland Community College* — Heartland Community College is a fully accredited two year institution founded in 1990. Heartland Community College has learning centers in Lincoln and Pontiac, but the main 220,000 square foot campus facility is located on 160 acres in Normal. The fall 2017 enrollment of students in credit courses was 5,193.
- *Lincoln College* — Lincoln College, based in Lincoln, Illinois, offers a campus in Normal which presently serves approximately 500 students. Lincoln College is a private residential junior college specializing in Associate in Arts Degrees for the purpose of transferring students on to four year colleges and universities. Baccalaureate Degree programs are available in Liberal Arts and Business Management at the Normal, Illinois campus.

Additionally, within a 60-mile radius of McLean County there are facilities of six other colleges and universities including the University of Illinois in Champaign Urbana, Bradley University in Peoria, Eureka College in Eureka, Millikin University in Decatur, Lincoln Christian College in Lincoln and the University of Illinois in Springfield.

HEALTH CARE

Bloomington-Normal supports two accredited, not-for-profit general hospitals.

Advocate BroMenn Medical Center, a 221-bed full-service, not-for-profit hospital located in Normal, is one of the most advanced acute care facilities in central Illinois. The medical center encompasses a wide range of acute, outpatient, rehabilitative and preventative health care services, as well as a state-of-the-art open-heart surgery operating suite.

OSF St. Joseph Medical Center is a 149-bed, comprehensive medical center in Bloomington, Illinois, and part of OSF Healthcare System, founded and operated by The Sisters of the Third Order of St. Francis. OSF St. Joseph offers complete acute inpatient care; a full range of outpatient and rehabilitative services; occupational medicine and health services; cardiac surgery and rehabilitation; wellness, prevention and diagnostic services; a Level II trauma center; and PromptCare, a clinic for minor illnesses and injuries with no appointment needed.

RECREATIONAL FACILITIES AND CULTURAL / COMMUNITY ACTIVITIES

There are numerous public parks located in the Bloomington-Normal area, offering public and private tennis courts, 9 public golf courses and several public and private swimming pools. There are also several private recreation and exercise clubs including the YMCA and YWCA. The City of Bloomington, in conjunction with the McLean County Zoological Society, maintains the Miller Park Zoo in Bloomington. Constitution Trail, a 24-mile paved scenic pathway along a former railroad right-of-way, is one of Central Illinois' most unique parks and is a favorite of bikers, joggers, walkers and skiers.

ISU and IWU provide extensive programs in the Arts. Braden Auditorium on the ISU campus (3,500 seating capacity) hosts an annual entertainment series featuring international stars and professional artists, as well as a variety of other cultural opportunities. IWU's McPherson Theater offers a total arts package maintained by the University's Schools of Music, Drama and Art. ISU hosts Bloomington-Normal and Springfield Symphony concerts and an annual Barbershop Singers competition. Bloomington annually hosts the Illinois Shakespeare Festival and the American Passion Play. The Community Players Theater, as well as summer theater programs sponsored by the Normal and Bloomington Parks and Recreation programs, encourage local talent and involvement. The Twin Cities Ballet Company provides experience for young dancers and ISU and IWU also offer dance classes. Art galleries are maintained at both Universities, as well as the McLean County Arts Association, a not for profit organization which supports fine arts in the County. There are 8 museums in Bloomington-Normal, two of which are maintained by the McLean County Historical Society, the second oldest historical society in Illinois.

The Bloomington Center for the Performing Arts ("*BCPA*") continues to be a cornerstone in the performing arts life of Bloomington-Normal. The BCPA has a seating capacity of 1,180 people with orchestra, balcony and box seat levels with a traditional seating plan. Also available on the first level of the Center there is a 1,200 seat formal ballroom. The

Center presents an annual visiting artist series of over 40 performances and is also home to over 20 area performing arts ensembles. The BCPA is also home for a variety of local performing arts groups and community activities. More than 400 performances and community events take place here each year.

The Grossinger Motors Arena was constructed to expand the entertainment options available to the Bloomington-Normal area. The Arena holds up to 8,000 guests for concerts and 5,600 guests for football and hockey. It has 24 private suites, 2 rental group suites and a private club restaurant, as well as a variety of food outlet options. The Arena shares its facilities with the adjoining Pepsi Ice Center which offers residents an indoor, year-round sheet of ice. The facility offers residents the opportunity to ice skate, play hockey, and curl as well as watch professional and college hockey games.

REDEVELOPMENT

In 1999, the Town Council embarked on an extensive assessment and planning process for the community's Central Business District which, at the time, was referred to as Downtown Normal. The Town Council elected to hire a planning firm to guide the community through the planning process. The result of this effort was an extensive Downtown Normal Redevelopment Plan, subsequently renamed the Uptown Renewal Plan (the "*Uptown Plan*").

As part of the Uptown Plan, the Town has embarked on several significant public projects. These projects were aimed to both create and facilitate future economic growth in the region. Certain projects are summarized below:

Children's Discovery Museum

The Children's Discovery Museum was the first new construction project associated with the Uptown Plan. The 34,000 square foot museum opened in 2004 and hosted over 150,000 visitors the first year. In March of 2012, the Museum greeted its one-millionth visitor. Additionally, the Museum was the first children's museum in the Country to achieve LEED Certification (Leadership in Energy and Environmental Design).

Marriott Hotel and Conference Center

In order to fully implement the vision contained in the Uptown Plan, the Town embarked on several public/private partnerships. The largest of these partnerships resulted in the construction and 2009 opening of the Marriott Hotel and Conference Center. The nine-story hotel contains 229 guest rooms as well as a pool, restaurant, fitness center, business center and concierge service. The attached conference center is owned by the Town and includes over 23,000 square feet of usable space. A 500-space parking deck was also constructed, accommodating all hotel guests, as well as other Uptown patrons. A skywalk provides a climate-controlled walkway between the hotel and the parking deck.

Multimodal Transportation Center

Uptown Station opened in July 2012, and this state of the art 68,000 square foot facility is the centerpiece of the Town. It has four floors and a 380 space attached parking deck. It was designed to connect several modes of transportation and serves as the 2nd busiest Amtrak stop in the State. It also serves as the Town's City Hall offices, which includes the Mayor and Council Chambers as well as Town administration, legal, clerk, finance, human resources and information technology offices. The facility has meeting space available for community needs and has a large outdoor plaza of green space and seating to serve as a public commons.

The Uptown Station facility is located close to all Uptown attractions, including the Children's Discovery Museum, the Uptown circle and water feature and multiple areas for dining and recreation. The total project cost was \$45.9 million with the major funding coming from a \$22 million stimulus Federal grant program called Transportation Investment Generating Economic Recovery (TIGER). The remaining funds came from other Federal and State grants as well as local funds. The facility is LEED certified with several energy and water saving devices, a great deal of natural lighting for work spaces and a vegetation covered roof that absorbs stormwater and adds to the building's insulation.

In addition to the completion of Uptown Station, the area continues to grow as student housing units continue to open as well as the 114 room Hyatt Place Hotel and mixed use building that opened in September 2015 that includes a ground floor high-end restaurant, office space on the second floor and additional floors of luxury residential housing.

RIVIAN AUTOMOTIVE

Michigan-based electric car company Rivian Automotive (“*Rivian*”) bought the former Mitsubishi Motors North America plant, located on the west side of the Town, in December 2016 for \$16 million. After a year of investment in the facility and evaluation of the inventory of manufacturing equipment included in the sale, Rivian announced in December 2017 that it plans to bring to market a five-passenger electric truck in 2020 and a seven-passenger electric sport utility vehicle after that. Rivian also announced that it has secured an undisclosed investment from New York-based Sumitomo Corporation of Americas. Rivian plans to employ 1,000 workers and invest \$175 million into its facilities by 2024. Pursuant to its agreements with the Town and other local entities, Rivian is required to employ 500 local employees and invest more than \$40 million by 2021 in order to receive five-year tax abatements from the Town and other taxing bodies.

POPULATION DATA

The U.S. Census Bureau, in its 2012-2016 American Community Survey, estimates that the Town’s current population is approximately 54,534. The estimated populations of the Town, the County and the State at the times of the last three U.S. Census surveys were as follows:

NAME OF ENTITY	1990	2000	2010	% CHANGE 2000/2010
The Town	40,023	45,386	52,497	31.17%
The County	129,180	150,433	169,572	31.27%
The State	11,430,602	12,419,293	12,830,632	12.25%

Source: U.S. Census Bureau.

EDUCATIONAL CHARACTERISTICS OF PERSONS 25 YEARS AND OLDER

	HIGH SCHOOL GRADUATES	4 OR MORE YEARS OF COLLEGE
The Town	96.4%	50.1%
The County	95.6%	44.5%
The State	88.3%	32.9%

Source: U.S. Census Bureau, (2012-2016 American Community Survey).

FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE TOWN

DIRECT GENERAL OBLIGATION BONDED DEBT (PRINCIPAL ONLY)

DUE:	SERIES 2009 BONDS ⁽¹⁾ (JUNE 1)	SERIES 2009A BONDS ⁽²⁾ (JUNE 1)	SERIES 2010A BONDS ⁽³⁾ (JUNE 1)	SERIES 2012 BONDS ⁽⁴⁾ (JUNE 1)	SERIES 2013 BONDS ⁽⁵⁾ (JUNE 1)	SERIES 2014 BONDS ⁽⁶⁾ (JUNE 1)	SERIES 2016A BONDS ⁽⁷⁾ (JUNE 1)	SERIES 2016B BONDS ⁽⁸⁾ (JUNE 1)	SERIES 2017A BONDS ⁽⁹⁾ (JUNE 1)	SERIES 2017B BONDS ⁽¹⁰⁾ (JUNE 1)	PLUS: THE BONDS (JUNE 1)	TOTAL GENERAL OBLIGATION BONDED DEBT
2018	\$ 800,000				\$ 240,000	\$ 360,000	\$ 200,000					\$ 1,600,000
2019	850,000			\$ 100,000	410,000	370,000	245,000				\$ 230,000	2,205,000
2020	875,000			395,000	470,000	385,000	250,000				535,000	2,910,000
2021	900,000			470,000	435,000	400,000	280,000				540,000	3,025,000
2022	1,000,000 ⁽¹¹⁾			465,000	510,000	415,000	215,000				540,000	3,145,000
2023	1,000,000			460,000	735,000	435,000	350,000		\$ 370,000		540,000	3,890,000
2024				1,215,000	770,000	450,000	350,000		455,000		535,000	3,775,000
2025				1,235,000	795,000	470,000	350,000		485,000		535,000	3,870,000
2026				1,270,000	825,000	490,000	350,000		530,000		535,000	4,000,000
2027				1,300,000	865,000	510,000 ⁽¹¹⁾	400,000		515,000		535,000	4,125,000
2028				1,330,000	895,000	530,000	400,000		555,000		530,000	4,240,000
2029				1,370,000	935,000	550,000 ⁽¹¹⁾	375,000		595,000		530,000	4,355,000
2030					570,000	375,000	375,000	\$ 275,000	2,040,000		530,000	3,790,000
2031					595,000 ⁽¹¹⁾	800,000	800,000	300,000	2,550,000		525,000	4,770,000
2032					620,000	800,000	800,000	300,000	1,740,000	\$ 895,000	520,000	4,875,000
2033					645,000 ⁽¹¹⁾	800,000	325,000	325,000	35,000 ⁽¹¹⁾	2,700,000	520,000	5,025,000
2034					670,000	1,000,000	325,000	325,000	30,000 ⁽¹¹⁾	2,815,000	15,000 ⁽¹¹⁾	4,855,000
2035						1,000,000	500,000	500,000	35,000 ⁽¹¹⁾	2,930,000	15,000 ⁽¹¹⁾	4,480,000
2036		\$ 500,000 ⁽¹¹⁾					650,000	650,000	3,080,000		15,000 ⁽¹¹⁾	4,245,000
2037		2,500,000 ⁽¹¹⁾					850,000	850,000			15,000 ⁽¹¹⁾	3,365,000
2038		1,000,000 ⁽¹¹⁾					1,000,000	1,000,000			1,515,000	3,515,000
2039		1,900,000	\$ 905,000				1,000,000	1,000,000				3,805,000
2040			950,000				1,000,000	1,000,000				1,950,000
2041							2,310,000	2,310,000				2,310,000
Total	\$5,425,000	\$5,900,000	\$1,855,000	\$9,610,000	\$7,885,000	\$8,465,000	\$8,540,000	\$8,835,000	\$ 13,015,000	\$9,340,000	\$9,255,000	\$88,125,000

- (1) General Obligation Refunding Bonds, Series 2009, dated July 30, 2009.
- (2) Taxable General Obligation Bonds, Series 2009A (Build America Bonds (Direct Payment)), dated July 30, 2009.
- (3) Taxable General Obligation Bonds, Series 2010A (Recovery Zone Bonds (Direct Payment)), dated December 16, 2010.
- (4) General Obligation Refunding Bonds, Series 2012, dated October 15, 2012.
- (5) General Obligation Refunding Bonds, Series 2012, dated November 13, 2013.
- (6) General Obligation Bonds, Series 2014, dated December 4, 2014.
- (7) General Obligation Refunding Bonds, Series 2016A, dated March 24, 2016.
- (8) General Obligation Bonds, Series 2016B, dated March 24, 2016.
- (9) General Obligation Refunding Bonds, Series 2017A, dated March 15, 2017.
- (10) General Obligation Refunding Bonds, Series 2017B, dated March 15, 2017.
- (11) Mandatory sinking fund payment.

OVERLAPPING GENERAL OBLIGATION BONDED DEBT
(As of January 2, 2018)

TAXING BODY	OUTSTANDING DEBT ⁽¹⁾	APPLICABLE TO TOWN	
		PERCENT	AMOUNT
The County ⁽²⁾	\$ 45,090,000	22.473%	\$10,133,026
Bloomington-Normal Airport Authority	10,790,000	31.994%	3,452,133
Normal Community Unit School District #5	119,760,000	39.455%	47,251,777
Heartland Community College District No. 540	56,010,000	19.496%	10,919,880
TOTAL OVERLAPPING BONDED DEBT			\$71,756,816

Source: With respect to the applicable taxing bodies and the information used to calculate the percentage of overlapping EAV (as hereinafter defined), the McLean County Clerk's Office. Information regarding the outstanding indebtedness of the overlapping taxing bodies was obtained from publicly-available sources

- (1) Does not include alternate revenue bonds. Under the Debt Reform Act, alternate revenue bonds are not included in the computation of indebtedness of the overlapping taxing bodies unless the taxes levied to pay the principal of and interest on the alternate revenue bonds are extended for collection by the County Clerk. The Town provides no assurance that any of the taxes so levied have not been extended, nor can the Town predict whether any of such taxes will be extended in the future.
- (2) Includes Public Building Commission revenue bonds, the lease payments on which are considered a general obligation of the County.

SELECTED FINANCIAL INFORMATION

2016 Estimated Full Value of Taxable Property:	\$2,693,435,802
2016 Equalized Assessed Valuation (“EAV”) of Taxable Property:	\$ 897,811,934 ⁽¹⁾
Population Estimate:	54,534
General Obligation Bonded Debt (including the Bonds):	\$ 88,125,000
Other Direct General Obligation Debt:	\$ 0
Total Direct General Obligation Debt:	\$ 88,125,000
Percentage to Full Value of Taxable Property:	3.27%
Percentage to EAV:	9.82%
Per Capita:	\$ 1,616
General Obligation Bonded Debt (including the Bonds):	\$ 88,125,000
Overlapping General Obligation Bonded Debt:	\$ 71,756,816
General Obligation Bonded Debt and Overlapping General Obligation Bonded Debt:	\$ 159,881,816
Percentage to Full Value of Taxable Property:	5.24%
Percentage to EAV:	17.81%
Per Capita:	\$ 2,932

(1) Includes TIF EAV in the amount of \$35,276,216. See “Tax Increment Financing Districts Located Within the Town.”

COMPOSITION OF EAV

	2012	2013	2014	2015	2016
By Property Type					
Residential	\$553,482,864	\$552,803,428	\$562,248,154	\$568,968,880	\$587,556,340
Commercial	252,262,559	251,106,574	820,014	839,076	894,869
Industrial	13,711,002	13,780,047	249,879,726	252,759,692	259,706,737
Farm	528,738	540,611	13,817,113	12,282,747	12,432,729
Railroad	<u>1,700,865</u>	<u>1,772,385</u>	<u>1,797,450</u>	<u>2,014,471</u>	<u>1,945,043</u>
Total EAV*	\$821,686,028	\$820,003,045	\$828,562,457	\$836,864,866	\$862,535,718

Source: McLean County Clerk’s Office.

* Does not include TIF EAV.

TAX INCREMENT FINANCING DISTRICTS LOCATED WITHIN THE TOWN

A portion of the Town’s EAV is contained in tax increment financing (“TIF”) districts, as detailed below. When a TIF district is created within the boundaries of a taxing body, such as the Town, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated as such (the “Base EAV”). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF district are not available to the Town for general purposes until the TIF district expires. The Town is not currently contemplating any new TIF districts within its boundaries.

LOCATION AND NAME OF TIF	YEAR ESTABLISHED	BASE EAV	2016 EAV	INCREMENTAL EAV
Downtown TIF	2003	\$12,418,612	\$37,916,395	\$ 25,497,783
Normal Main/I-55 TIF	2008	667,410	667,410	0
Main/Osage TIF	2008	3,047,486	12,598,962	9,551,476
One Normal Plaza TIF	2009	723,722	943,826	220,104
North Normal Warehouse TIF	2013	425,225	432,078	6,853
Total Incremental EAV				\$ 35,276,216
Town’s Base 2016 EAV				862,535,718
Enterprise Zone EAV				0
Total EAV				<u>\$897,811,934</u>

Source: McLean County Clerk’s Office.

TREND OF EAV

LEVY YEAR	EAV	% CHANGE IN EAV FROM PREVIOUS YEAR
2012	\$821,686,028	-1.06% ⁽¹⁾
2013	820,003,045	-0.20%
2014	828,562,457	+1.04%
2015	836,864,866	+1.00%
2016	862,535,718	+3.07%

Source: McLean County Clerk’s Office.
Does not include TIF EAV.

(1) Based on the Town’s \$830,449,564 2011 EAV.

TAXES EXTENDED AND COLLECTED

TAX LEVY YEAR/ COLLECTION YEAR	TAXES EXTENDED	TAXES COLLECTED AND DISTRIBUTED	PERCENT COLLECTED
2012/13	\$6,604,674	\$6,597,719	99.89%
2013/14	7,680,449	7,678,721	99.98%
2014/15	7,941,919	7,936,992	99.94%
2015/16	8,057,829	8,055,647	99.97%
2016/17	8,640,764	8,640,341	100.00%

Source: McLean County Treasurer's and County Clerk's Offices.

TOWN TAX RATES BY PURPOSE

(Per \$100 EAV)

PURPOSE	2012	2013	2014	2015	2016
Corporate	\$0.1389	\$0.1951	\$0.1931	\$0.1912	\$0.1855
IMRF	0.1886	0.1948	0.1897	0.1910	0.1836
Fire Pension	0.1284	0.1631	0.1783	0.1838	0.1994
Police Pension	0.1644	0.1954	0.2029	0.2048	0.2343
Social Security	<u>0.1424</u>	<u>0.1459</u>	<u>0.1518</u>	<u>0.1543</u>	<u>0.1561</u>
Total	\$0.7627	\$0.8943	\$0.9158	\$0.9250	\$0.9589

Source: McLean County Clerk's Office.

REPRESENTATIVE TOTAL TAX RATES

(Per \$100 EAV)

TAXING AUTHORITY	2012	2013	2014	2015	2016
The Town	\$0.7627	\$0.8943	\$0.9158	\$0.9250	\$0.9589
The County	0.9116	0.9037	0.9013	0.9184	0.9140
Normal Township	0.1669	0.2230	0.2280	0.2279	0.2308
Normal Road and Bridge	0.0907	0.0910	0.0935	0.0957	0.0957
Normal Library	0.4397	0.4465	0.4419	0.4505	0.4526
Bloomington-Normal Water Reclamation	0.1640	0.1701	0.1722	0.1745	0.1793
Bloomington-Normal Airport	0.1275	0.1274	0.1366	0.1357	0.1244
Community Unit School District #5	4.8841	5.0070	5.0271	5.0583	5.0147
Heartland Comm. College District No. 540	<u>0.4826</u>	<u>0.5067</u>	<u>0.5047</u>	<u>0.5405</u>	<u>0.5884</u>
TOTAL*	\$8.0298	\$8.3696	\$8.4209	\$8.5263	\$8.5588

Source: McLean County Clerk's Office.

*The total of such rates is the property tax rate paid by a typical resident living in the largest tax code in the Town.

TEN LARGEST TAXPAYERS

TAXPAYER NAME	DESCRIPTION	2016 EAV	PERCENT OF TOWN'S TOTAL EAV
SH The Flats Normal LLC	Apartments	\$ 7,911,461	0.88%
Wal-Mart Supercenter	Department Store	7,868,330	0.88%
Blue Atlantic Normal LLC	Commercial Property	6,724,267	0.75%
MCP Uptown Owner LLC	Commercial Property	6,656,000	0.74%
Mitsubishi Motors North America*	Automobile Manufacturer	5,916,175	0.66%
Meijer Realty Co.	Department Store	5,582,054	0.62%
John Q. Hammons Hotels	Motel	5,019,609	0.56%
IMI College Hills Dev. LLC	Shopping Center	4,712,821	0.52%
Factr Properties LLC	Commercial Property	4,570,776	0.51%
Snyder Corp.	Commercial Property	<u>4,242,452</u>	<u>0.47%</u>
		<u>\$51,292,484</u>	<u>5.71%</u>

Source: McLean County Clerk's Office, except for taxpayer descriptions which are based on publicly available information available to the Town.

*See "THE TOWN – Rivian Automotive" herein.

The above taxpayers represent 5.71% of the Town's \$897,811,934 2016 EAV (including TIF EAV). Reasonable efforts have been made to seek out and report the largest taxpayers. However, many of the taxpayers listed may own multiple parcels and it is possible that some parcels and their valuations may not be included.

RETAILERS' OCCUPATION, SERVICE OCCUPATION AND USE TAX

The following table shows the distribution of the municipal portion of the Retailers' Occupation, Service Occupation and Use Tax collected by the Illinois Department of Revenue (the "Department") from retailers within the Town. Sales Tax Receipts shown below represent the Town's historical 1% local government share and the Town's 2.5% home rule share of the State of Illinois Sales Tax Receipts as collected and disbursed by the State.

CALENDAR YEAR ⁽¹⁾	MUNICIPAL TAX	HOME RULE TAX	TOTAL
2012	\$8,412,916	\$ 8,874,546	\$17,287,462
2013	8,633,468	9,021,829	17,655,297
2014	8,801,559	9,056,895	17,858,454
2015	8,856,261	9,155,812	18,012,073
2016	8,646,029	14,811,078	23,457,107 ⁽³⁾
2017 ⁽²⁾	6,258,347	10,797,804	17,056,151

Source: The Department.

(1) Calendar year reports ending December 31.

(2) Through September 2017.

(3) Effective January 1, 2016, the Town increased its Home Rule Tax from 1.5% to 2.5%.

NEW PROPERTY

The following chart indicates the EAV of “new property” (as defined in the Limitation Law (as hereinafter defined)) within the Town for each of the last five levy years.

LEVY YEAR	NEW PROPERTY
2012	\$5,887,754
2013	9,263,907
2014	9,269,743
2015	8,775,854
2016	8,240,863

Source: McLean County Clerk’s Office.

LARGEST EMPLOYERS

Below is a listing of the largest employers within or near the Town area:

EMPLOYER	PRODUCT OR SERVICE	APPROXIMATE NUMBER OF EMPLOYEES
State Farm Insurance Companies	Insurance	14,532
ISU	Education	3,300
Country Financial	Insurance	1,939
The School District	Education	1,669
Advocate BroMenn Medical Center	Medical center	1,271
OSF St. Joseph Medical Center	Medical center	894
Heartland Bank & Trust	Bank	763
Anderson Financial Network, Inc.	Financial services	760
The County	County government	713
City of Bloomington	Municipal government	691
Bloomington School District #87	Education	594
IWU	Higher education	507
The Town	Municipal government	499
Growmark, Inc.	Farm supplies	480
Heritage Enterprises	Nursing care and assisted living	465
Nestle USA	Candy and confectionery	420
Nussbaum Transportation Services, Inc.	Common carrier trucking	399
Bridgestone/Firestone Off-Road Tire Co.	Tires	381
Illinois Farm Bureau	Company headquarters; farm-related newspaper publishing	338
Heartland Community College	Higher education	288

Source: Economic Development Council of the Bloomington-Normal Area – 2017 Demographic Profile.

UNEMPLOYMENT RATES

The following table shows the trend in annual average unemployment rates for the Town, the County and the State.

	THE TOWN	THE COUNTY	THE STATE
2012 – Average	6.3%	6.4%	9.0%
2013 – Average	6.6%	6.6%	9.1%
2014 – Average	5.4%	5.4%	7.1%
2015 – Average	4.8%	4.8%	5.9%
2016 – Average	5.0%	5.1%	5.9%
2017 – Average (10 mos.)	4.1%	4.3%	5.0%

Source: State of Illinois Department of Employment Security.

SPECIFIED OWNER-OCCUPIED UNITS

VALUE	THE TOWN		THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
Under \$50,000	626	5.81%	2,993	6.99%	236,380	7.46%
\$50,000 to \$99,999	695	6.45%	5,716	13.35%	514,549	16.25%
\$100,000 to \$149,999	2,906	26.96%	9,941	23.21%	527,244	16.65%
\$150,000 to \$199,999	3,287	30.49%	9,727	22.71%	520,909	16.45%
\$200,000 to \$299,999	2,585	23.98%	9,603	22.42%	643,217	20.31%
\$300,000 to \$499,999	598	5.55%	3,950	9.22%	479,792	15.15%
\$500,000 to \$999,999	59	0.55%	784	1.83%	196,189	6.19%
\$1,000,000 or more	<u>24</u>	<u>0.22%</u>	<u>111</u>	<u>0.26%</u>	<u>48,801</u>	<u>1.54%</u>
Total	10,780	100.00%	42,825	100.00%	3,167,081	100.00%
Median Value	163,100		161,800		174,800	

Source: U.S. Census Bureau (2012-2016 American Community Survey).

EMPLOYMENT BY INDUSTRY

CLASSIFICATION	THE TOWN		THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
Agriculture, forestry, fishing, hunting and mining	219	0.73%	1,136	1.24%	65,146	1.06%
Construction	625	2.09%	3,294	3.59%	317,245	5.17%
Manufacturing	1,564	5.24%	5,922	6.46%	763,429	12.45%
Wholesale Trade	445	1.49%	1,698	1.85%	187,477	3.06%
Retail Trade	4,094	13.71%	10,081	11.00%	670,576	10.93%
Transportation, warehousing and utilities	792	2.65%	2,930	3.20%	370,802	6.04%
Information	331	1.11%	1,052	1.15%	121,338	1.98%
Finance, insurance and real estate	4,689	15.70%	18,229	19.89%	448,924	7.32%
Professional, scientific management administrative & waste management	1,859	6.22%	8,168	8.91%	709,106	11.56%
Educational, health & social services	8,781	29.40%	23,052	25.15%	1,404,905	22.90%
Arts, entertainment, recreations accommodations & food services	4,899	16.40%	10,147	11.07%	556,087	9.07%
Other Services	969	3.24%	3,736	4.08%	291,022	4.74%
Public Administration	<u>600</u>	<u>2.01%</u>	<u>2,216</u>	<u>2.42%</u>	<u>228,064</u>	<u>3.72%</u>
Total	29,867	100.00%	91,661	100.00%	6,134,121	100.00%

Source: U.S. Census Bureau (2012-2016 American Community Survey).

EMPLOYMENT BY OCCUPATION

CLASSIFICATION	THE TOWN		THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
Management, professional & related occupations	11,570	38.74%	38,893	42.43%	2,280,198	37.17%
Service occupations	7,017	23.49%	16,411	17.90%	1,062,499	17.32%
Sales & office occupations	8,177	27.38%	23,031	25.13%	1,489,090	24.28%
Natural resources, construction, & maintenance occupation	1,203	4.03%	5,206	5.68%	443,197	7.23%
Production, transportation & material moving occupations	<u>1,900</u>	<u>6.36%</u>	<u>8,120</u>	<u>8.86%</u>	<u>859,137</u>	<u>14.01%</u>
Total	29,867	100.00%	91,661	100.00%	6,134,121	100.00%

Source: U.S. Census Bureau (2012-2016 American Community Survey).

MEDIAN HOUSEHOLD INCOME

According to the U.S. Census Bureau, the Town had a median household income of \$54,496. This compares to \$63,420 for the County and \$59,196 for the State. The following table represents the distribution of household incomes for the Town, the County and the State at the time of such survey.

	THE TOWN		THE COUNTY		THE STATE	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
Under \$10,000	1,774	9.24%	4,552	6.90%	341,280	7.11%
\$10,000 to \$14,999	898	4.68%	2,813	4.26%	212,171	4.42%
\$15,000 to \$24,999	2,146	11.18%	5,692	8.63%	463,092	9.64%
\$25,000 to \$34,999	1,735	9.04%	5,495	8.33%	439,726	9.16%
\$35,000 to \$49,999	2,360	12.30%	7,776	11.79%	605,086	12.60%
\$50,000 to \$74,999	3,370	17.56%	11,588	17.57%	842,052	17.53%
\$75,000 to \$99,999	2,361	12.30%	8,947	13.57%	612,265	12.75%
\$100,000 to \$149,999	2,831	14.75%	10,984	16.65%	698,513	14.55%
\$150,000 to \$199,999	1,092	5.69%	4,603	6.98%	289,346	6.03%
\$200,000 or more	<u>622</u>	<u>3.24%</u>	<u>3,506</u>	<u>5.32%</u>	<u>298,593</u>	<u>6.22%</u>
Total	18,877	100.00%	64,415	100.00%	4,778,633	100.00%

Source: U.S. Census Bureau (2012-2016 American Community Survey).

PER CAPITA INCOME

	PER CAPITA INCOME
The Town	\$25,574
The County	31,752
The State	31,502

Source: U.S. Census Bureau (2012-2016 American Community Survey).

SHORT-TERM BORROWING

The Town has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

FUTURE DEBT

Except for the Bonds, the Town does not currently anticipate issuing any additional debt in 2018.

DEFAULT RECORD

The Town has no record of default and has met its debt repayment obligations promptly.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

SUMMARY OF PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

A separate tax to pay the principal of and interest on the Bonds will be levied on all taxable real property within the Town. The information under this caption describes the current procedures for real property assessments, tax levies and collections in the County. There can be no assurance that the procedures described herein will not change.

TAX LEVY AND COLLECTION PROCEDURES

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Department assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory

formula, which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax.

EXEMPTIONS

The Illinois Property Tax Code, as amended (the "*Property Tax Code*"), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the Equalized Assessed Valuation ("*EAV*") of certain property owned and used for residential purposes ("*Residential Property*") may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Property that has been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 through assessment year 2017. Beginning in assessment year 2018, the maximum income limitation is \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen's residence for

the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by CPI. Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the “*Natural Disaster Exemption*”) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran’s disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans’ Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

PROPERTY TAX EXTENSION LIMITATION LAW

The Property Tax Extension Limitation Law, as amended (the "*Limitation Law*"), limits the annual growth in the amount of property taxes to be extended for certain Illinois non-home-rule units. In general, the annual growth permitted under the Limitation Law is the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Taxes can also be increased due to new construction, referendum approval of tax rate increases, mergers and consolidations.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless they are approved by referendum, are alternate bonds or are for certain refunding purposes.

TRUTH IN TAXATION LAW

Legislation known as the Truth in Taxation Law (the "*Law*") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The Town covenanted in the Bond Ordinance that it will not take any action which would adversely affect the levy, extension, collection and application of the taxes levied by the Town for payment of principal of and interest on the Bonds. The Town also covenanted that it will comply with all present and future laws concerning the levy, extension and collection of such taxes levied by the Town.

RETIREMENT PLANS

The Town participates in three defined-benefit pension plans to provide post-retirement pension benefits to its employees: (a) the police pension fund, which provides pension benefits for all of the Town's full-time police employees (the "*Police Pension Fund*"), (b) the firefighters' pension fund, which provides pension benefits for all of the Town's full-time firefighter employees (the "*Firefighters' Pension Fund*"), and (c) the Town's reserve account with the Illinois Municipal Retirement Fund (the "*IMRF*"), which provides pension benefits to the Town's other employees not eligible to participate in the Police Pension Fund or the Firefighters' Pension Fund (the "*IMRF Pension Fund*" and, together with the Police Pension Fund and the Firefighters' Pension Fund, the "*Pension Funds*"). Certain of the provisions related to these plans are described below. See Note 4 and the required supplementary

information disclosures to the Audit, which is attached hereto as APPENDIX A, for additional information regarding the pension plans, including plan descriptions, information on the Town's contributions and employee contributions, the funded status and funding progress of the pensions plans and information regarding the assumptions made and the methods employed by the actuaries in producing actuarial valuations for the pension plans.

The Pension Plans make contribution decisions on the basis of actuarial valuations performed by the separate actuaries of the Pension Plans (individually, an "Actuary," and, collectively, the "Actuaries"). In an actuarial valuation, an Actuary employs certain actuarial methods and assumptions regarding future activity in specific risk areas, including investment return, payroll growth and retiree longevity, to make determinations regarding the future liability for pension benefits and, as a result, to determine the amount that must be contributed in the current year to provide for payment of those benefits in the future.

Actuarial assumptions that vary widely from pension plan experience may have the effect of causing over or under contributions by the Town to the Pension Plans. For information regarding the actuarial assumptions made by the Actuaries in connection with the Pension Plans, see Note 4 to the Audit.

ILLINOIS MUNICIPAL RETIREMENT FUND

As described above, the Town participates in the IMRF to provide pension benefits to its regular employees and employee's of the Town's public library. The IMRF is a defined-benefit, agent multiple employer pension plan that acts as a common investment and administrative agent for units of local government and school districts in Illinois. IMRF is established and administered under statutes adopted by the Illinois General Assembly. The Illinois Pension Code sets the benefit provisions of the IMRF, which can only be amended by the Illinois General Assembly.

Each employer participating in the IMRF, including the Town, has an employer reserve account with the IMRF (defined above as the IMRF Pension Fund) separate and distinct from all other participating employers along with a unique employer contribution rate determined by the IMRF Board, as described below. The employees of a participating employer receive benefits solely from such employer's IMRF Pension Plan. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be viewed at the IMRF's website as follows: http://www.imrf.org/pubs/annual_reports/annual_rpts.htm.

Actuarial Assumptions

The IMRF Board of Trustees (the "IMRF Board") makes contribution decisions on the basis of the actuarial valuation prepared by the Actuary. The Actuary employs certain actuarial methods and assumptions regarding future activity in specific risk areas, including investment

return, payroll growth and retiree longevity, to make determinations regarding the future liability of the IMRF to pay benefits and, as a result, to determine the amount that must be contributed in the current year to provide for payment of those benefits in the future. The assumptions and the methods used by the IMRF comply with the requirements of the Governmental Accounting Standards Board.

The IMRF Board adopts its assumptions after considering the advice of the Actuary. At present, the Actuary uses the following assumptions, among others, in generating the actuarial valuation for the IMRF: (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% per year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually.

Actuarial assumptions that vary widely from pension plan experience may have the effect of causing over or under contributions by participating employers to their respective IMRF accounts. To ensure accurate actuarial assumptions, the Actuary conducts an experience study, which is a comparison of the actual experience of the IMRF to the assumptions previously used by the Actuary, every three years and makes recommendations to the IMRF Board with respect to necessary changes to such assumptions.

See Note 4 to the Audit for additional information on the IMRF's actuarial methods and assumptions.

Contributions

Both employers and employees contribute to the IMRF. At present, employees contribute 4.50% of their salary to the IMRF, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF to its employees. The annual rate at which an employer must contribute to the IMRF is established by the IMRF Board. The Town's contribution rate for calendar year 2017 was 12.10% of covered payroll.

For the calendar years ended December 31, 2014 through December 31, 2016, the Town contributed the following amounts to IMRF:

CALENDAR YEAR ENDED DECEMBER 31	IMRF CONTRIBUTIONS
2014	\$2,020,269
2015	2,069,286
2016	2,263,495

Source: The Audit.

Measures of Financial Position

The following table presents the measures of the IMRF Account's financial position as of December 31, 2015 and December 31, 2016, which is presented pursuant to the New GASB Standards. Such measures were calculated pursuant to the current Discount Rate of 7.47% for 2015 and 7.50% for 2016.

CALENDAR YEAR ENDED DECEMBER 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY
2015	\$87,299,314	\$70,938,988	\$16,360,326	81.26%
2016	93,767,259	75,534,678	18,232,581	80.56%

Source: The Audit.

Please see Note 4 to the Audit, and the related required supplementary information disclosures, for a description of the IMRF, the IMRF Account, the Town's funding policy, the funded status and funding progress of the IMRF Account, and information on the assumptions and methods used by the Actuary.

POLICE PENSION FUND

The Town provides pension benefits to its sworn police personnel through the single-employer, defined-benefit Police Pension Fund. The defined benefit levels and the employee and employer contribution levels are governed by the Pension Code and may only be amended by the General Assembly. As of March 31, 2017, the Police Pension Fund had a membership of 145. Information regarding participation in the Police Pension Fund is set forth in Note 4 to the Audit.

Police Pension Fund members are required to contribute 9.91% of their annual salary to the Police Pension Fund. Beginning on January 1, 2011, the Pension Code provides that the Town must make such contributions necessary to bring the Police Pension Fund to a Funded Ratio of 90% by 2040. This funding level is being achieved by amortizing the UAAL as a level percentage of payroll on a closed basis. As of March 31, 2017, the remaining amortization period was 23 years. Information regarding the actuarial methods and assumptions utilized with respect to the Police Pension fund are set forth in Note 4 to the Audit.

Prior to January 1, 2011, the Town contributed to the Police Pension Fund pursuant to the previous Pension Code provisions which required the Town to contribute annually the amounts necessary to reach a Funded Ratio of 100% by 2033. At the time the Pension Code was amended to require the Town to contribute the amounts necessary to reach a Funded Ratio of 90% by 2040, the Town adopted a new funding policy for the Police Pension Fund pursuant to which the Town adopted the new funding target year of 2040 but retained its former Funded Ratio target of 100%. The Town continues to fund the Police Pension Plan pursuant to this policy

Additionally, the Town annually reviews the actuarial assumptions used to create the contribution. As a result of such reviews, the Town lowered its investment rate of return assumption from 7.5% to 7.0% in 2012 and again to 6.75% in 2013. Such decreases in the investment rate of return had the effect of increasing the Police Pension Fund’s Actuarial Accrued Liability and the Town’s annual contribution to the Police Pension Fund. The decrease in the investment rate of return had the unanimous support of the Town Council.

The Town is considering changes to its pension funding policy to insure funding levels take a more positive path towards the Town’s goal of 100% by 2040. This translates into more funding and contributions into the pension funds that will likely be driven by a further decrease in the investment earnings assumption used in the actuarial valuations.

For the fiscal years ended March 31, 2015 through March 31, 2017, the Town contributed the following amounts to the Police Pension Fund:

FISCAL YEAR ENDED MARCH 31	CONTRIBUTIONS
2015	\$1,660,621
2016	1,739,249
2017	1,765,843

Source: The Audit.

Measures of Financial Position

The following table presents the measures of the Police Pension Fund’s financial position as of March 31, 2015 through March 31, 2017, which are presented pursuant to the New GASB Standards. Such measures were calculated pursuant to the current Discount Rate of 6.75%.

FISCAL YEAR ENDED MARCH 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	FIDUCIARY NET POSITION	
			NET PENSION LIABILITY	AS A % OF TOTAL PENSION LIABILITY
2015	\$57,984,800	\$32,130,595	\$25,854,205	55.41%
2016	61,399,006	31,605,947	29,793,059	51.48%
2017	66,633,218	34,490,857	32,142,361	51.76

Source: The Audit.

FIREFIGHTERS' PENSION FUND

The Town provides pension benefits to its sworn firefighter personnel through the single-employer, defined-benefit Firefighters' Pension Fund. The defined benefit levels and the employee and employer contribution levels are governed by the Pension Code and may only be amended by the General Assembly. As of March 31, 2017, the Firefighters' Pension Fund had a membership of 110. Information regarding participation in the Firefighters' Pension Fund is set forth in Note 4 to the Audit.

Firefighters' Pension Fund members are required to contribute 9.45% of their annual salary to the Firefighters' Pension Fund. The Pension Code provides that the Town must make such contributions necessary to bring the Firefighters' Pension Fund to a Funded Ratio of 90% by 2040. This funding level is being achieved by amortizing the UAAL as a level percentage of payroll on a closed basis. As of March 31, 2017, the remaining amortization period was 23 years. Information regarding the actuarial methods and assumptions utilized with respect to the Firefighters' Pension fund are set forth in Note 4 to the Audit.

Prior to January 1, 2011, the Town contributed to the Firefighters' Pension Fund pursuant to the previous Pension Code provisions which required the Town to contribute annually the amounts necessary to reach a Funded Ratio of 100% by 2033. At the time the Pension Code was amended to require the Town to contribute the amounts necessary to reach a Funded Ratio of 90% by 2040, the Town adopted a new funding policy for the Firefighters' Pension Fund pursuant to which the Town adopted the new funding target year of 2040 but retained its former Funded Ratio target of 100%. The Town continues to fund the Firefighters' Pension Plan pursuant to this policy.

Additionally, the Town annually reviews the actuarial assumptions used to create the contribution. As a result of such reviews, the Town lowered its investment rate of return assumption from 7.5% to 7.0% in 2012 and again to 6.75% in 2013. Such decreases in the investment rate of return had the effect of increasing the Firefighters' Pension Fund's Actuarial Accrued Liability and the Town's annual contribution to the Firefighters' Pension Fund. The decrease in the investment rate of return had the unanimous support of the Town Council.

The Town presently has no plans to change its funding policy and continues to support the recommendations of its actuaries with respect to its pension plan assumptions.

For the fiscal years ended March 31, 2015 through March 31, 2017, the Town contributed the following amounts to the Firefighters' Pension Fund:

FISCAL YEAR ENDED MARCH 31	CONTRIBUTIONS
2015	\$1,386,559
2016	1,528,405
2017	1,584,522

Source: The Audit.

Measures of Financial Position

The following table presents the measures of the Firefighters' Pension Fund's financial position as of March 31, 2015 through March 31, 2017, which are presented pursuant to the New GASB Standards. Such measures were calculated pursuant to the current Discount Rate of 6.75%.

FISCAL YEAR ENDED MARCH 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY
2015	\$49,021,764	\$27,969,521	\$21,052,243	57.06%
2016	50,278,467	27,672,680	22,605,787	55.04%
2017	53,930,319	29,948,328	23,981,991	55.53%

Source: The Audit.

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing the pension benefits described above, the Town provides post-employment healthcare benefits ("*OPEB*") for retired employees through a single-employer, defined benefit plan (the "*OPEB Plan*"). The benefits, benefit levels, employee contributions and employer contributions are governed by the Town and can be amended by the Town through its personnel manual and union contracts. The OPEB benefits consist of continued medical and prescription drug coverage at the active employee rate for all eligible employees in accordance with Illinois law, which creates an implicit subsidy of retiree medical and prescription drug coverage. As of March 31, 2017, the OPEB Plan had a membership of 305. The most recent actuarial valuation for the OPEB Plan was conducted as of March 31, 2015. For additional information regarding the OPEB Plan, see Note 4 to the Audit.

The Town does not currently fund the cost of benefits due under the OPEB Plan in advance of the payment of such expenses. Active employees do not contribute to the OPEB Plan until retirement. Retirees contribute 100% of the blended retiree and/or spouse rate under the age of 55 (50 for police and fire retirees), 50% of the blended retiree rate for retirees age 55 to 64

(50 to 64 for police and fire retirees), and 80% of the blended spouse rate for spouses age 55 to 64 (50 to 64 for police and fire spouses).

The Town funds the OPEB Plan on a pay-as-you-go basis. Pay-as-you-go funding refers to the fact that assets are not accumulated or dedicated to fund these obligations. Instead, the Town contributes the amount necessary to fund its share of the current year costs of providing such benefits. For the fiscal years ended March 31, 2015, March 31, 2016, and March 31, 2017, the Town contributed \$403,414, \$460,913 and \$478,465, respectively. As of the most recent actuarial valuation (March 31, 2015), the Town's actuarial accrued liability was \$40,697,187, all of which was unfunded.

For additional information on the Town's post-employment benefits other than pensions, see Note 4 and the required supplementary information to the Audit.

BOND RATINGS

Fitch has assigned the Bonds a rating of "AAA" (Stable Outlook), and Moody's has assigned the Bonds a rating of "Aa1" (Stable Outlook). These ratings reflect only the views of such organizations and any explanation of the significance of such ratings may only be obtained from the respective rating agency. Certain information concerning the Bonds and the Town not included in this Official Statement may have been furnished to Fitch and Moody's by the Town. There is no assurance that the ratings will be maintained for any given period of time or that it may not be changed by Fitch or Moody's if, in such rating agency's judgment, circumstances so warrant. Any downward change in or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Except as may be required by the Undertaking described below under the heading "CONTINUING DISCLOSURE," neither the Town nor the Underwriter undertakes responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the ratings or to oppose any such revision or withdrawal.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Town has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the Town's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax

preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the Town with respect to certain material facts within the Town's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "*Code*"), includes provisions for an alternative minimum tax ("*AMT*") for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("*AMTI*"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax-exempt interest, including interest on the Bonds. The AMT for corporations is repealed for taxable years beginning after December 31, 2017.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "*OID Issue Price*") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The *OID Issue Price* of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the *OID Issue Price* of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the *OID Issue Price* of each such maturity, if any, of the Bonds (the "*OID Bonds*") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an *OID Bond* in the initial public offering at the *OID Issue Price* for such maturity and who holds such *OID Bond* to its stated maturity, subject to the condition that the Town complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such *OID Bond* constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will

not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under State income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "*Revised Issue Price*"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in Congress legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors

regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the Town as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the Town's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

CONTINUING DISCLOSURE

The Town will enter into a Continuing Disclosure Undertaking (the "*Undertaking*") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "*MSRB*") pursuant to the requirements of the Rule. No person, other than the Town, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a statement of other terms of the Undertaking, including termination, amendment and remedies, are set forth below in "THE UNDERTAKING."

There have been no instances in the previous five years in which the Town failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. A failure by the Town to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The Town must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

THE UNDERTAKING

The following is a brief summary of certain provisions of the Undertaking of the Town and does not purport to be complete. The statements made under this caption are subject to the detailed provisions of the Undertaking, a copy of which is available upon request from the Town.

ANNUAL FINANCIAL INFORMATION DISCLOSURE

The Town covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements, if any (as described below) to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. At present, such dissemination is made through the MSRB's Electronic Municipal Market Access system, referred to as EMMA ("*EMMA*"). The Town is required to deliver such information within 210 days after the last day of the Town's fiscal year (currently March 31), beginning with the fiscal year ending March 31, 2018. If Audited Financial Statements are not available when the Financial Information is filed, the Town will submit Audited Financial Statements to EMMA within 30 days after availability to the Town. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

"*Annual Financial Information*" means information of the type contained in the following headings, subheadings and exhibits of the Final Official Statement:

FINANCIAL INFORMATION AND ECONOMIC CHARACTERISTICS OF THE TOWN

- Direct General Obligation Bonded Debt (Principal Only)
- Composition of EAV
- Trend of EAV
- Taxes Extended and Collected
- Town Tax Rates by Purpose

"*Audited Financial Statements*" means the combined financial statements of the Town prepared in accordance with accounting principles generally accepted in the United States of America.

REPORTABLE EVENTS DISCLOSURE

The Town covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to the MSRB in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission or the State at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. The “*Events*” are:

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
- Modifications to the rights of security holders, if material
- Bond calls, if material, and tender offers
- Defeasances
- Release, substitution or sale of property securing repayment of the securities, if material
- Rating changes
- Bankruptcy, insolvency, receivership or similar event of the Town*
- The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- Appointment of a successor or additional trustee or the change of name of a trustee, if material

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

CONSEQUENCES OF FAILURE OF THE TOWN TO PROVIDE INFORMATION

The Town shall give notice in a timely manner to the MSRB of any failure to provide disclosure of Annual Financial Information and Audited Financial Statements when the same are due under the Undertaking.

In the event of a failure of the Town to comply with any provision of the Undertaking, the beneficial owner of any Bond may seek mandamus or specific performance by court order to cause the Town to comply with its obligations under the Undertaking. A default under the Undertaking shall not be deemed a default under the Bond Ordinance, and the sole remedy under the Undertaking in the event of any failure of the Town to comply with the Undertaking shall be an action to compel performance.

AMENDMENT; WAIVER

Notwithstanding any other provision of the Undertaking, the Town by resolution authorizing such amendment or waiver, may amend the Undertaking, and any provision of the Undertaking may be waived, if:

(a) (i) The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including, without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Town, or type of business conducted; or

(ii) The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Town (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority approves or requires Annual Financial Information or notices of a Reportable Event to be filed with a central post office, governmental agency or similar entity other than the MSRB or in lieu of the MSRB, the Town shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending the Undertaking.

TERMINATION OF UNDERTAKING

The Undertaking shall be terminated if the Town shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Ordinance. The Town shall give notice to the MSRB in a timely manner if this paragraph is applicable.

ADDITIONAL INFORMATION

Nothing in the Undertaking shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial Information or Audited Financial Statements or notice of occurrence of a Reportable Event, in addition to that which is required by the Undertaking. If the Town chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by the Undertaking, the Town shall have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

DISSEMINATION OF INFORMATION; DISSEMINATION AGENT

When filings are required to be made with the MSRB in accordance with the Undertaking, such filings are required to be made through EMMA for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent is the Town's Finance Director: Andrew Huhn, 11 Uptown Circle, Normal, Illinois 61761; phone: (309) 454-9742.

AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Town for the fiscal year ended March 31, 2017 (the "*Audit*"), contained in Appendix A, including the independent auditor's report accompanying the Audit, have been prepared by Lauterbach & Amen, LLP, Certified Public Accountants, Warrenville, Illinois (the "*Auditor*"), and approved by formal action of the Council. The Town has not requested the Auditor to update information contained in the Audit nor has the Town requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the Town since the date of the Audit. Specific questions or inquiries relating to the financial information of the Town since the date of the Audit should be directed to the Town's Finance Director.

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One

fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("*Indirect Participants*"). DTC has an S&P Global Ratings rating of "AA+". The DTC Rules applicable to its Participants are on file with the Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("*Beneficial Owner*") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect

Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Town or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the Town takes no responsibility for the accuracy thereof.

The Town will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (a) the accuracy of any records maintained by the Securities Depository or any Participant; (b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (c) the delivery of any notice by the Securities Depository or any Participant; (d) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (e) any other action taken by the Securities Depository or any Participant.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Hart, Southworth & Witsman, Springfield, Illinois, as Bond Counsel (the "*Bond Counsel*") who has been retained by, and acts as, Bond Counsel to the Town. Bond Counsel has reviewed the statements in this Official Statement appearing under the headings "THE BONDS" and "TAX EXEMPTION", and is of the opinion that the statements contained under such headings are accurate statements or summaries of the matters set forth therein insofar as such statements purport to summarize the terms of the Bonds or the Bond Ordinance or the tax-exempt status of the interest on the Bonds. Except for the foregoing, however, Bond Counsel has not independently verified the accuracy or completeness of statements and information contained in this Official Statement and does not assume any responsibility for the accuracy or completeness of such statements and information. Additionally, certain legal matters will be passed on for the Town by its counsel, Brian Day, Esq., Normal, Illinois.

Chapman and Cutler LLP, Chicago, Illinois ("*Chapman and Cutler*") has been retained by the Underwriter to serve as Underwriter's Counsel with respect to the Bonds. Although as Underwriter's Counsel, Chapman and Cutler has assisted the Underwriter with certain disclosure matters, Chapman and Cutler has not undertaken to independently verify the accuracy, completeness or fairness of this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness or fairness of such information. Chapman and Cutler's engagement as Underwriter's Counsel was undertaken solely at the request and for the benefit of the Underwriter, to assist it in discharging its responsibility with respect to the Official Statement, and not for the benefit of any other person (including any person purchasing Bonds from the Underwriter), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further, Chapman and Cutler makes no representation as to the suitability of the Bonds for investment by any investor.

NO LITIGATION

No litigation is now pending or threatened restraining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or any proceedings of the Town taken with respect to the issuance or sale thereof. A certificate to this effect will be delivered by the Town with the other customary closing papers when the Bonds are delivered.

UNDERWRITING

Pursuant to the terms of a Bond Purchase Agreement (the “*Agreement*”) between the Town and Mesirow Financial, Inc., Chicago, Illinois (the “*Underwriter*”), the Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$9,761,623.55. The purchase price will produce an underwriting spread of 0.595% of the principal amount if all Bonds are sold at the initial offering prices. The Agreement provides that the obligation of the Underwriter is subject to certain conditions precedent and that the Underwriter will be obligated to purchase all of the Bonds if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts, accounts or funds) and others at prices different than the initial public offering price. After the initial public offering, the public offering price of the Bonds may be changed from time to time by the Underwriter.

AUTHORIZATION

This Official Statement has been approved by the Town for distribution to prospective purchasers of the Bonds. The Council, acting through authorized officers, will provide to the Underwriter at the time of delivery of the Bonds, a certificate confirming that, to the best of its knowledge and belief, this Official Statement with respect to the Bonds, together with any supplements thereto, at the time of the adoption of the Bond Ordinance, and at the time of delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements therein in light of the circumstances under which they were made, not misleading.

/s/ Andrew Huhn

Director of Finance

Town of Normal, McLean County, Illinois

February 14, 2018

EXHIBITS

Exhibits A and B show the Town's recent financial history. Exhibit C provides information on the Town's 2018 budget. Exhibit D provides information on the general fund revenue sources of the Town.

EXHIBIT A-1— STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES, FISCAL YEARS ENDED MARCH 31, 2013-2017

	2013	2014	2015	2016	2017
ASSETS:					
Current Assets:					
Cash and Investments	\$ 33,867,938	\$ 34,976,816	\$ 39,791,877	\$ 50,073,136	\$ 49,120,055
Receivables - Net of Allowances	17,900,868	17,536,804	18,155,897	21,639,277	22,585,058
Prepaid Items/Inventories	208,017	234,880	190,098	176,508	157,440
Total Current Assets	\$ 51,976,823	\$ 52,748,500	\$ 58,137,872	\$ 71,888,921	\$ 71,862,553
Non-Current Assets:					
Receivables Non-Current	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Pension Asset	2,804,599	2,338,789	2,171,961	0	0
Total Non-Current Assets	\$ 2,804,599	\$ 2,338,789	\$ 2,171,961	\$ 0	\$ 0
Capital Assets:					
Non-Depreciable	\$ 37,026,149	\$ 37,325,434	\$ 38,682,063	\$ 39,131,213	\$ 42,561,920
Depreciable/Accumulated	118,546,608	115,204,166	114,191,960	113,253,490	111,662,281
Total Capital Assets	\$155,572,757	\$152,529,600	\$152,874,023	\$152,384,703	\$154,224,201
Deferred Outflows	\$ 908,112	\$ 1,171,413	\$1,093,268	\$8,931,890	\$ 11,433,346
TOTAL CURRENT ASSETS AND DEFERRED OUTFLOWS	\$211,262,291	\$208,788,302	\$214,277,124	\$233,205,514	\$237,520,100
LIABILITIES:					
Current Liabilities:					
Accounts and Contracts Payable	\$ 4,103,609	\$ 2,558,997	\$ 2,630,309	\$ 2,368,796	\$ 5,833,128
Interest Payable	1,328,488	1,276,031	1,345,134	1,193,264	924,072
Accrued Liabilities	1,212,574	1,141,471	1,343,011	1,614,982	1,324,166
Unearned Revenue and Deferred Inflows	7,616,326	8,510,795	10,258,897	12,559,108	12,643,264
Compensated Absences	1,462,469	1,375,283	1,417,410	1,490,166	0
G.O. Bond Payable, Current	1,198,282	1,195,296	1,641,359	1,520,111	2,320,765
SSA Bond Payable, Current	320,000	365,000	400,000	455,000	0
Total Current Liabilities	\$ 17,241,748	\$ 16,422,873	\$ 19,036,120	\$ 21,201,427	\$ 23,045,395
Non-Current Liabilities:					
Compensated Absences, Non-Current	\$ 583,467	\$ 592,092	\$ 495,583	\$ 535,326	\$ 5,833,128
Net Pension Obligation - IL Mun. Ret.	171,375	175,041	178,785	12,129,951	924,072
Pension Obligation - Police and Fire	0	0	0	52,398,845 ⁽¹⁾	1,324,166
G.O. Bond Payable	71,725,665	71,663,823	79,829,309	87,798,264	12,643,264
SSA Bond Payable	4,550,000	4,185,000	3,785,000	3,330,000	0
Other Postemployment Benefits, Due Beyond One Year	7,175,981	9,388,660	11,516,023	13,933,839	2,320,765
Total Non-Current Liabilities	\$ 84,206,488	\$ 86,004,616	\$ 95,804,700	\$170,126,225	0
TOTAL LIABILITIES	\$101,448,236	\$102,427,489	\$114,840,820	\$191,327,652	\$ 23,045,395
NET ASSETS:					
Invested in Capital Assets, Net of Related Debt	\$ 83,885,157	\$ 78,221,943	\$ 70,920,626	\$ 73,630,486	\$ 67,850,818
Restricted	8,080,907	9,102,259	9,862,236	7,679,593	8,410,228
Unrestricted	17,847,991	19,036,611	18,653,442	(39,432,217)	(35,405,169)
TOTAL NET POSITION	\$109,814,055	\$106,360,813	\$ 99,436,304	\$ 41,877,862	\$ 40,855,877

Source: The Town's Comprehensive Annual Financial Reports for the fiscal years ended March 31, 2013-2017.

- (1) The Town adopted a new accounting standard to conform with generally accepted accounting principles. The statement adopted requiring restatement of net position was Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions and Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. These pronouncements require the restatement of the March 31, 2016, net position of the governmental activities.

**EXHIBIT A-2—STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES,
FISCAL YEARS ENDED MARCH 31, 2013-2017**

	2013	2014	2015	2016	2017
GOVERNMENT ACTIVITIES/EXPENSES					
General Government	\$ 2,217,669	\$ 8,814,054	\$ 8,417,303	\$ 9,639,176	\$12,160,489
Public Safety	15,771,054	17,413,684	18,160,175	22,019,289	22,714,274
Highways and Streets	2,073,826	6,369,134	4,103,695	4,410,266	4,043,070
Sanitation	871,202	906,279	1,035,596	242,657	171,368
Culture and Recreation	6,017,719	6,085,107	6,197,125	6,382,816	6,715,725
Community Development	13,892,556	5,744,734	12,761,040	6,332,562	10,620,085
Interest on Long-Term Debt	3,838,297	3,588,490	3,610,209	3,787,430	3,186,421
TOTAL GOVERNMENT ACTIVITIES/EXPENSES	\$ 44,682,323	\$ 48,921,482	\$ 54,285,143	\$ 52,814,196	\$59,611,432
GENERAL REVENUES:					
Taxes:					
Property	\$ 8,287,779	\$ 8,263,883	\$ 9,465,249	\$ 9,891,268	\$10,652,044
Franchise	936,994	960,736	954,916	1,096,326	1,152,454
Sales	17,625,488	17,409,756	17,995,481	19,460,114	23,350,482
Income	5,563,405	6,034,887	6,201,948	6,806,574	4,962,270
Utility	4,859,239	4,842,617	4,629,133	4,414,624	4,186,122
Other	5,425,280	5,505,769	5,443,720	6,517,524	7,940,504
Grants and Contributions	0	0	0	0	0
Investment Income (Loss)	165,002	185,233	(129,320)	382,685	137,527
Miscellaneous	2,746,385	3,173,471	2,609,760	3,601,910	3,121,045
Sale of Land	413,097	0	189,747	0	0
Transfers	0	0	0	0	0
TOTAL GENERAL REVENUES	\$ 46,022,669	\$ 46,376,352	\$ 47,360,634	\$ 52,171,025	\$55,502,448
Change in Net Assets	\$ 1,340,346	\$ (2,545,130)	\$ (6,924,509)	\$ (643,171)	\$(4,108,984)
Net Assets, Beginning	108,473,709	109,814,055	106,360,813	99,436,304	41,877,862
Restatement	0	(908,112) ⁽¹⁾	0	(56,915,271) ⁽²⁾	3,086,999 ⁽³⁾
Net Assets, Ending	\$109,814,055	\$106,360,813	\$ 99,436,304	\$ 41,877,862	\$40,855,877

Source: The Town's Comprehensive Annual Financial Reports for the fiscal years ended March 31, 2013-2017.

- (1) The Town adopted a new accounting standard to conform with generally accepted accounting principles. The statement adopted, requiring restatement of net position, was Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*. With the implementation of the new GASB pronouncement, assets related to bond issuance costs that were previously being amortized are now being expensed.
- (2) The Town adopted a new accounting standard to conform with generally accepted accounting principles. The statement adopted requiring restatement of net position was Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions* and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These pronouncements require the restatement of the March 31, 2016, net position of the governmental activities.
- (3) The beginning fund balance in several funds was restated to correct an error in recognition of receivables.

**EXHIBIT B-1—BALANCE SHEET - GENERAL FUND,
FISCAL YEARS ENDED MARCH 31, 2013-2017**

ASSETS:	2013	2014	2015	2016	2017
Cash and Investments	\$20,370,214	\$20,015,624	\$19,232,210	\$21,580,196	\$22,595,682
Receivables, Net of Allowances:					
Property Taxes	6,267,000	7,333,000	7,588,000	7,741,000	8,271,000
Local Taxes	1,289,053	1,274,564	1,268,015	1,317,161	1,477,083
Other	1,392,044	1,841,900	1,020,710	2,074,969	1,758,709
Due From Other Governments	6,118,425	5,480,909	5,820,885	7,192,183	6,476,357
Inventories	82,447	84,073	59,520	48,291	62,823
Prepaid Items	125,570	150,807	130,578	128,217	94,617
TOTAL ASSETS	\$35,644,753	\$36,180,877	\$35,119,918	\$40,082,017	\$40,736,271
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts and Contracts Payable	\$ 1,890,445	\$ 2,307,247	\$ 2,024,199	\$ 1,943,955	\$ 3,193,151
Accrued Liabilities	639,566	877,830	1,034,457	1,303,141	1,324,166
Unearned Revenue and Deferred Inflows	6,550,909	7,614,766	7,964,178	8,364,71	8,271,000
Total Liabilities	\$ 9,080,920	\$ 10,799,843	\$11,022,834	\$11,611,814	\$12,788,317
Fund Balances:					
Reserved	\$ 1,039,983	\$ 581,530	\$ 417,912	\$ 754,934	\$ 755,529
Unreserved	25,523,850	24,799,504	23,679,172	27,715,269	27,192,425
Total Fund Balance	\$26,563,833	\$25,381,034	\$24,097,084	\$28,470,203	\$27,947,954
TOTAL LIABILITIES AND FUND BALANCE	\$35,644,753	\$36,180,877	\$35,119,918	\$40,082,017	\$40,736,271

Source: The Town's Comprehensive Annual Financial Reports for the fiscal years ended March 31, 2013-2017.

**EXHIBIT B-2—STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GENERAL FUND, FISCAL YEARS ENDED MARCH 31, 2013-2017**

	2013	2014	2015	2016	2017
REVENUES:					
Taxes	\$26,465,455	\$26,218,381	\$27,210,566	\$29,931,924	\$34,438,369
Licenses and Permits	663,707	691,003	690,665	666,875	771,948
Intergovernmental	14,418,188	14,830,890	15,397,992	15,978,560	15,354,199
Charges for Services	8,366,960	8,853,481	8,706,414	9,797,703	9,950,084
Fines and Fees	1,806,754	1,994,749	1,686,863	1,699,349	1,313,877
Investment Income	56,690	66,785	(253,216)	181,158	35,860
Miscellaneous	2,618,711	2,417,654	2,475,697	2,922,106	2,894,693
Total Revenues	\$54,396,465	\$55,072,943	\$55,914,981	\$61,177,675	\$64,759,030
EXPENDITURES:					
Current Operating:					
General Government	\$ 7,887,855	\$ 8,516,399	\$ 9,358,059	\$10,344,684	\$10,771,218
Public Safety	19,247,936	21,106,397	21,274,112	22,349,003	23,892,013
Highways and Streets	4,860,022	5,462,490	6,091,238	4,903,068	5,186,507
Sanitation	3,633,978	2,666,584	2,371,722	2,015,567	2,351,441
Cultural and Recreation	7,977,803	8,817,795	8,675,161	8,570,210	8,872,755
Community Development	3,184,984	3,644,279	3,699,238	4,396,548	6,009,305
Total Expenditures	\$46,792,578	\$50,213,944	\$51,469,530	\$52,579,080	\$57,083,239
Revenues Over (Under) Expenditures	\$ 7,603,887	\$ 4,858,999	\$ 4,445,451	\$ 8,598,595	\$ 7,675,791
Other Financing Sources (Uses):					
Transfers From Other Funds	\$ 56,899	\$ 1,093	\$ 0	\$ 0	\$ 0
Transfers To Other Funds	(4,328,070)	(6,042,891)	(5,919,148)	(4,272,276)	(8,610,652)
Other	413,097	0	189,747	46,800	359,950
Total Other Financing Sources (Uses)	\$(3,858,074)	\$(6,041,798)	\$(5,729,401)	\$ (4,225,476)	\$ (8,250,702)
Revenues and Other Financing Sources Over (Under) Expenditures	\$3,745,813	\$(1,182,799)	\$(1,283,950)	\$ 4,373,119	\$ (574,911)
Fund Balance at Beginning of Year	22,818,020	26,563,833	25,381,034	24,097,084	28,470,203
Prior Period Adjustment	0	0	0	0	52,662 ⁽¹⁾
Fund Balance at End of Year	\$26,563,833	\$25,381,034	\$24,097,084	\$28,470,203	\$27,947,954

Source: The Town's Comprehensive Annual Financial Reports for the fiscal years ended March 31, 2013-2017.

(1) The beginning fund balance in several funds was restated to correct an error in recognition of receivables.

**EXHIBIT C—SUMMARY OF BUDGETED APPROPRIATIONS - GENERAL FUND
FISCAL YEAR ENDING MARCH 31, 2018**

	2018
Revenues:	
Taxes	\$ 36,174,500
Licenses and Permits	708,000
Intergovernmental	15,664,800
Charges for Services	9,309,321
Fines	1,484,800
Investment Income	120,000
Miscellaneous	1,966,248
Total Revenues	\$ 65,427,669
Expenditures:	
General Government	\$ 17,986,813
Public Safety	19,438,513
Public Works	6,971,864
Cultural and Recreation	9,836,386
Total Expenditures	\$ 54,233,576
Revenues Over (Under) Expenditures	\$ 11,194,093
Transfers In	1,021,547
Transfers Out	(12,152,921) ⁽¹⁾
Surplus	\$ 62,719

Source: The Town's Budget for the fiscal year ending March 31, 2018.

- (1) Comprised of transfers primarily to the vehicle and replacement fund, debt service fund, police and fire pension funds and certain enterprise funds. After taking into account certain combinations of funds for CAFR presentation, such aggregate transfer amount for fiscal year 2018 is expected to be approximately \$7.1 million, as compared to approximately \$8.25 million as shown in the 2017 CAFR.

**EXHIBIT D—GENERAL FUND REVENUE SOURCES
FISCAL YEAR ENDED MARCH 31, 2017**

	FY 2017 AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM FY 2016
Revenues:			
Taxes	\$34,438,369	53.18%	\$4,506,445
Licenses and Permits	771,948	1.19%	105,073
Intergovernmental	15,354,199	23.71%	(624,361)
Charges for Services	9,950,084	15.36%	152,381
Fines and Fees	1,313,877	2.03%	(385,472)
Investment Income	35,860	0.06%	(145,298)
Miscellaneous	2,894,693	4.47%	(27,413)
Total Revenues	\$64,759,030	100.00%	\$3,581,355

Source: The Town's Comprehensive Annual Financial Report for the fiscal year ended March 31, 2017.

APPENDIX A

**AUDITED FINANCIAL STATEMENTS OF THE
TOWN FOR THE FISCAL YEAR ENDED MARCH 31, 2017**

TOWN OF NORMAL, ILLINOIS

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**



**FOR THE FISCAL YEAR ENDED
MARCH 31, 2017**

TOWN OF NORMAL, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 2017

Prepared by:
Finance Department
www.normal.org

TOWN OF NORMAL, ILLINOIS

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TOWN OF NORMAL, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Town of Normal including:

- List of Principal Officials
- Organization Chart
- Letter of Transmittal
- GFOA Certificate of Achievement for Excellence in Financial Reporting

TOWN OF NORMAL, ILLINOIS

**List of Principal Officials
March 31, 2017**

TOWN COUNCIL

Christopher C. Koos, Mayor

COUNCIL MEMBERS

Chemberly Cummings
Jeffrey Fritzen
Kathleen Lorenz

R.C. McBride
Kevin McCarthy
Scott Preston

City Manager: Mark R. Peterson

Deputy City Manager: Pamela S. Reece

Assistant to City Manager: Ben McCready

DEPARTMENT DIRECTORS

Communications: Dan Irvin

Cultural Arts: Shelleigh Birlingmair

Economic Development: Sally Heffernan

Engineering: Gene Brown

Facilities and Energy Management: Mark Clinch

Finance: Andrew Huhn

Fire: Michael Humer

Information Technology: Teri Legner

Inspections: Greg Troemel

Library: Brian Chase

Parks and Recreation: Doug Damery

Planning: Mercy Davison

Police: Richard Bleichner

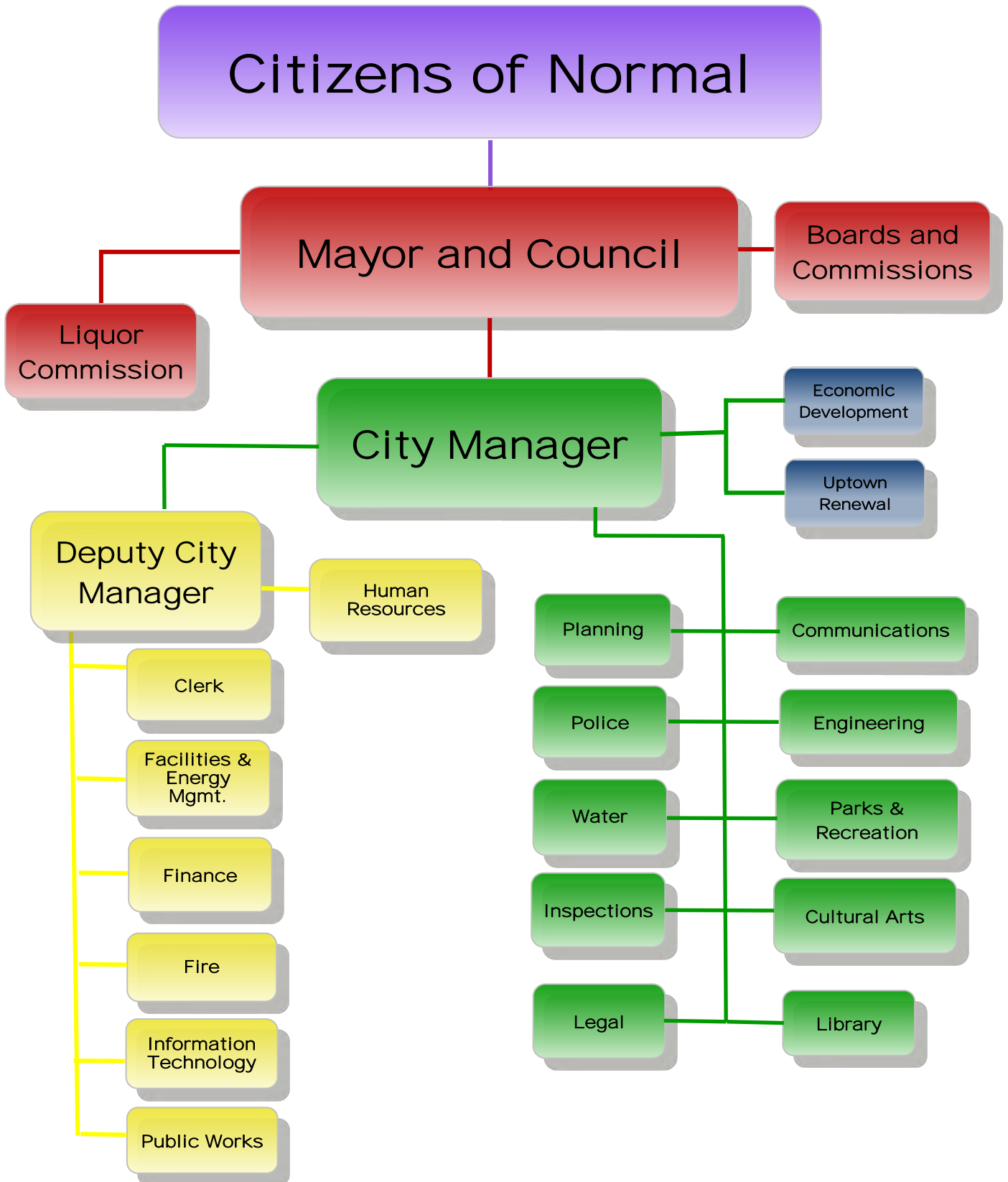
Public Works: Wayne Aldrich

Town Clerk: Angie Huonker

Water: John Burkhart

Town of Normal Organization Chart

August, 2017





August 14, 2017

Honorable Mayor and Town Council
Town of Normal
Normal, Illinois

Dear Mayor and Council:

The Comprehensive Annual Financial Report of the Town of Normal for the fiscal year ending March 31, 2017, is submitted herewith. This report is a comprehensive and detailed picture of the Town's financial transactions during the 2016-17 fiscal year and the financial condition of the various funds as of March 31, 2017. This report was prepared by the Town's Finance Department. Responsibility for both the accuracy of the presented data and the fairness of the presentation, including all disclosures, rests with the Town. The organization and content of this report follows the standards for annual financial reporting promulgated by the Governmental Accounting Standards Board (GASB). We believe the data as presented is accurate in all material respects, that it is presented in a manner designed to fairly set forth the Town's financial position and results of operations as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the Town's financial condition have been included.

The Town's management has established a system of internal controls that is designed to help assure that the assets of the Town are safeguarded against loss, theft, or misuse. The system of internal controls also helps assure that the accounting system compiles reliable financial data for the preparation of the Town's financial statements. Internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives will be met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that evaluation of the costs and benefits require estimates and judgments by management.

The Town of Normal financial statements have been audited by Lauterbach & Amen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended March 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended March 31, 2017, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditors' report is presented as the first component of the financial section of this report.

"Committed to Service Excellence"

11 Uptown Circle • Post Office Box 589 • Normal, Illinois 61761-0589
Telephone (309) 454-2444 • Fax (309) 454-9609 • TDD (309) 454-9630
www.normal.org

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

The Comprehensive Annual Report is divided into three main sections:

- Introduction:** Provides an overview of the Town's operations. This section also discusses fiscal trends and gives some basic financial information.
- Financial:** The financial statements of the Town in accordance with requirements established by the GASB for the year ended March 31, 2017.
- Statistical:** Ten-year trend information and other vital facts about the Town of Normal.

THE ACCOUNTING SYSTEM, BUDGETING & LONG-TERM PLANNING

Accounting System: The accounts of the Town are organized on a basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balances, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Town's accounting records are generally maintained on the modified accrual basis of accounting. Under this basis, revenues are recorded when measurable and available to liquidate obligations of the current period and expenditures are recorded when a liability is incurred that is expected to draw upon current financial resources. The modified accrual accounting records are the basis for assessing budgetary compliance. In order to comply with generally accepted accounting standards, the Town will make certain adjustments to its annual financial statements to permit the preparation of certain statements on the accrual basis. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Budgeting Process: The Town's budget development process starts in July with the distribution of the annual budget calendar, instructions and forms to department heads. Department heads must submit their budget requests to the Finance Department in September. During October, the Budget Committee, consisting of the City Manager, Deputy City Manager, Assistant to the City Manager, Finance Director and Finance Manager meet with each department head to review their budget requests. In November and December the budget is balanced and compiled for a review by Council and Town management. This review is performed at a Council work session during January and is open to the public. The budget is finalized in February and the Council adopts the budget in March.

Budget Authority and Control: The Town adopts a legally binding annual budget in accordance with Chapter 65 of the Illinois Compiled Statutes. State law requires that a municipality operating under the budget system adopt its annual budget prior to the start of its fiscal year. Through the budget, spending authority is conveyed by expenditure object. Budgetary control is maintained by the use of encumbrance accounting under which purchase orders, contracts, and other commitments are effectively recorded as temporary expenditures in order to reserve the proper portion of the applicable budgetary account. The legal level of budgetary control is the department level or, where no departmental segregation of a fund exists, the fund level.

Long-term Financial Planning: Financial planning is a component of various activities described below:

Community Investment Plan (CIP)

The Community Investment Plan is a planning document that is intended to assist the Town Council in their prioritization of major capital investments that are projected to take place over a six-year period. The CIP includes detailed information on each planned capital expenditure that the Town has projected over a six-year period, including the current fiscal year. The information contained in this document assists the Town Council in their future decision-making responsibilities, and also serves as a valuable resource for the private sector as well as the general citizenry of Normal. The entire document can be found on the Town's web-site (www.normal.org).

The CIP is prepared annually by Town staff and is presented to the Town Council for review, comment and approval in December of each year. For each project, staff lists the currently approved project timeline and cost, as well as any proposed changes for Council consideration. Each project sheet also includes a narrative description, projected operating budget impact and a staff priority rating. Priority 1 (critical) is assigned to projects that are believed to be critical or a top priority, priority 2 (important) identifies projects that should be completed with little deviation from the proposed year and finally, priority 3 (flexible) indicates that the project could be moved to a different year with little or no consequence.

5-Year Budget

Staff produces a 5-year budget annually. Council will only approve the first (next) fiscal year for spending authority. The remaining 4 years are presented for long-term planning purposes.

Financial Trend and Condition Report

This document is presented to Council during the same meeting in which the audited Comprehensive Annual Financial Report is presented. It is intended to provide a historical perspective on a variety of issues that impact the financial condition of the Town. This report provides a glimpse into the financial stability of the Town, with particular emphasis on the General Fund. It is also intended to be used as a basis upon which future financial planning occurs.

Fiscal Policies: listed below are some of the significant fiscal policies listed in the annually adopted budget:

- The Town will estimate revenues and expenditures five years into the future with each annual budget.
- Expenditures budgeted will not endanger basic fund balances required to support services on an on-going basis.
- Operating expenditures will not be funded from non-recurring revenue sources.
- Long-term debt should be retired prior to the useful life of the project it funded, but not to exceed 35 years.
- The General Fund property tax levy will remain flat.
- The Town targets a General Fund reserve balance equal to 15% of expenditures and transfers.
- The Town additionally maintains several other financial targets for other operating funds and debt service levels.

PROFILE OF THE TOWN OF NORMAL

Normal University, later renamed as Illinois State University, was founded and opened classes in 1857 in what was then known as North Bloomington. Steps were taken in 1865 to organize the Town under the name "Normal." The legislature of the State of Illinois granted a special Town Charter to Normal, Illinois.

The Secretary of State certified the Charter on the 4th day of March, 1867. Normal's ordinances were codified in 1969 and those ordinances are now known as the Municipal Code of the Town of Normal, Illinois, 1969, as amended. The Town of Normal operates under its original Charter to this day, subject only to legislative changes that are enacted from time to time.

The Town of Normal is located in McLean County, in the heart of Central Illinois. Normal is approximately 125 miles southwest of Chicago, 155 miles northeast of St. Louis and 64 miles northeast of the State Capital in Springfield. The Town's population of 52,497 was confirmed during the annual 2010 census. The City of Bloomington has a population of 76,610.

Interstates 74, 55, and 39 intersect in Bloomington-Normal as well as U.S. Routes 51 and 150 and State Route 9. In addition, three major railroad lines, as well as AMTRAK, converge in Bloomington-Normal. The Bloomington-Normal airport handles commercial, commuter corporate and private aircraft servicing the surrounding area. Normal is located in one of the most productive agricultural areas in the nation, but the economy is diverse and well balanced given major employers like State Farm and Country Financial, as well as two universities (Illinois State and Illinois Wesleyan), two community colleges (Heartland and Lincoln) and two hospitals (Advocate BroMenn and OSF St. Joseph) all located within Bloomington-Normal.

The Town operates under a Council-Manager form of government and provides a full range of services, including public safety, planning and zoning, highway and streets, parks and recreation, water and sewer and general government functions. For financial reporting purposes, the Town includes all funds, agencies, boards, commissions and authorities for which the Town is considered

to be financially accountable. Based on these criteria, the Normal Public Library will be included in the financial statements as a discretely presented component unit.

SIGNIFICANT LOCAL ECONOMIC EVENT

The Town has been involved in a variety of projects throughout the year with two notable projects being the completion of a Radisson Hotel on Normal's northside and a 5 story "Uptown" Normal mixed use building (currently under construction) that includes a high-end restaurant, office space and luxury residential apartments. Additionally, the Town continues to see growth in new restaurant establishments, most notably a new Portillo's Restaurant that opened in August of 2017.

LOCAL ECONOMY

Below are a few indicators that the Town monitors as part of our continual review of the economic environment.

Unemployment Rate: The Town's unemployment rate as of March 31, 2017 was 3.9%, which is a considerable decrease from the previous year's rate of 5.8%. The State of Illinois rate as of March 31, 2017 was 4.7% and represents a significant decrease from the prior year period.

Assessed Value: In calendar year 2016, the Town's assessed value increased 3.0% from the prior year. Last year's assessed value (2015) marked the first year the Town's total assessed value recovered to pre-recession levels and the 3.0% growth in 2016 indicates the local economy continues to move in a favorable direction.

Sales and Income Tax Revenue: State and Local sales tax (removing the impact of the local rate increase) and income tax revenue were all down compared to the prior year. State and local sales tax was down 3.9% and 3.2% respectively. This drop is the result of more consumers shopping on-line, which continues to erode the Town's ability to fund governmental services. Income tax decreased significantly from last year (11.3%) due to one-time gains in the previous year and flat wage growth both nationally and at the State level.

Certificate of Achievement: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Normal, Illinois, for its comprehensive annual financial report for the fiscal year ending March 31, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for only a period of one year. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certification.

Acknowledgments: We wish to express our appreciation to the staff of the Finance Department for

their assistance in the preparation of this report. We also wish to express our appreciation to the members of the Town Council, various boards, commissions and staff for their interest and support in conducting the financial operations of the Town in a sound and progressive manner.

Respectively submitted,



Andrew J. Huhn
Director of Finance



Mark R. Peterson
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Normal
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

March 31, 2016

Executive Director/CEO

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

August 14, 2017

The Honorable Town Mayor
Members of the Town Council
Town of Normal, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Normal, Illinois, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Children's Discovery Museum Foundation. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Children's Discovery Museum Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Normal, Illinois, as of March 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Normal, Illinois' basic financial statements. The introductory section, combining and individual fund financial statements and budgetary comparison schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matters – Continued

Other Information – Continued

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.


LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF NORMAL, ILLINOIS

Management's Discussion and Analysis March 31, 2017

Our discussion and analysis of the Town of Normal's financial performance provides an overview of the Town's financial activities for the fiscal year ended March 31, 2017. Please read it in conjunction with the transmittal letter, which begins on page iii and the Town's financial statements, which begin on page 4.

FINANCIAL HIGHLIGHTS

- The Town's net position decreased slightly as a result of this year's operations. While net position of business-type activities increased by \$1,506,665, or 3.6 percent, net position of the governmental activities decreased by \$4,108,984, or 9.1 percent. This decrease was primarily the result of one-time capital spending for a new fire station, hotel project and train platform/station improvements.
- During the year, government-wide revenues before transfers for the primary government totaled \$87,005,645, while expenses totaled \$89,607,964, resulting in a decrease to net position of \$2,602,319.
- The Town's net position totaled \$84,560,685 on March 31, 2017, which includes \$100,245,557 net investment in capital assets, \$8,754,980 subject to external restrictions, and (\$24,439,852) unrestricted net position.
- The General Fund reported a deficit this year of \$574,911, resulting in ending fund balance of \$27,947,954, a decrease of 2.0 percent. This was better than the \$2,266,255 deficit that was anticipated in the final budget.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 4-7) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements begin on page 8. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

TOWN OF NORMAL, ILLINOIS

Management's Discussion and Analysis March 31, 2017

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Town of Normal's finances, in a manner similar to a private-sector business. The government wide financial statements can be found on pages 4-7 of this report.

The Statement of Net Position reports information on all of the Town's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Town's property tax base and the condition of the Town's infrastructure, is needed to assess the overall health of the Town of Normal.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Normal include general government, public safety, highways and streets, sanitation, culture and recreation, and community development. The business-type activities of the Town of Normal include water, sewer and wastewater operations.

The Town includes two separate legal entities in its report. The Town of Normal Public Library and the Children's Discovery Museum Foundation are presented as discretely presented component units. Although legally separate, these "component units" are important because the Town is financially accountable for them. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Normal, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

TOWN OF NORMAL, ILLINOIS

Management's Discussion and Analysis March 31, 2017

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town of Normal's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Town maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Fire Station Capital Investment Fund and Uptown TIF Fund, which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 8-13 of this report.

Proprietary Funds

The Town of Normal maintains two proprietary fund types: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town utilizes enterprise funds to account for its water, sewer, and storm water operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions.

TOWN OF NORMAL, ILLINOIS

Management's Discussion and Analysis March 31, 2017

USING THIS ANNUAL REPORT – Continued

Fund Financial Statements – Continued

Proprietary Funds – Continued

The Town uses internal service funds to account for its health and dental insurance program. This service predominantly benefits governmental rather than business-type functions, and therefore, has been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Funds, which are considered to be major funds of the Town. Conversely, the internal service fund is presented in the proprietary fund financial statements in a single column. Individual fund data for the internal service fund is provided elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 14-17 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 18-19 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-88 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's I.M.R.F. and police and fire employee pension obligations and budgetary comparison schedules for the General Fund and major special revenue funds. Required supplementary information can be found on pages 89-99 of this report. The combining statements referred to earlier in connection with non-major governmental funds and other budgetary comparison schedules are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 100-123 of this report.

TOWN OF NORMAL, ILLINOIS

**Management’s Discussion and Analysis
March 31, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. The following tables show that in the case of the Town of Normal, assets/deferred outflows exceeded liabilities/deferred inflows by \$84,560,685.

	Governmental		Net Position		Total	
	Activities		Business-type			
	2017	2016	2017	2016	2017	2016
Current and Other Assets	\$ 71,862,553	71,888,921	17,825,552	18,256,082	89,688,105	90,145,003
Capital Assets	154,224,201	152,384,703	40,490,072	38,205,687	194,714,273	190,590,390
Total Assets	226,086,754	224,273,624	58,315,624	56,461,769	284,402,378	280,735,393
Deferred Outflows	11,433,346	8,931,890	1,069,083	830,691	12,502,429	9,762,581
Total Assets/Deferred Outflows	237,520,100	233,205,514	59,384,707	57,292,460	296,904,807	290,497,974
Long-Term Debt	173,618,828	170,126,225	13,625,022	13,094,982	187,243,850	183,221,207
Other Liabilities	10,402,131	9,266,292	2,003,738	1,999,335	12,405,869	11,265,627
Total Liabilities	184,020,959	179,392,517	15,628,760	15,094,317	199,649,719	194,486,834
Deferred Inflows	12,643,264	11,935,135	51,139	-	12,694,403	11,935,135
Total Liabilities/Deferred Inflows	196,664,223	191,327,652	15,679,899	15,094,317	212,344,122	206,421,969
Net Position						
Net Investment in Capital Assets	67,850,818	73,630,486	32,394,739	29,741,952	100,245,557	103,372,438
Restricted	8,410,228	7,679,593	344,752	474,124	8,754,980	8,153,717
Unrestricted (Deficit)	(35,405,169)	(39,432,217)	10,965,317	11,982,067	(24,439,852)	(27,450,150)
Total Net Position	40,855,877	41,877,862	43,704,808	42,198,143	84,560,685	84,076,005

A large portion of the Town’s net position, \$100,245,557, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$8,754,980, of the Town’s net position represents resources that are subject to external restrictions on how they may be used. The remaining (\$24,439,852), represents unrestricted net assets.

TOWN OF NORMAL, ILLINOIS

**Management's Discussion and Analysis
March 31, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	Change in Net Position					
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 12,193,024	12,698,578	14,274,106	13,703,386	26,467,130	26,401,964
Operating Grants/Contrib.	784,697	172,736	-	-	784,697	172,736
Capital Grants/Contrib.	4,208,757	4,749,292	-	-	4,208,757	4,749,292
General Revenues						
Property Taxes	10,372,642	9,891,267	-	-	10,372,642	9,891,267
Local Taxes	26,742,540	22,303,112	-	-	26,742,540	22,303,112
State Taxes	10,166,424	9,185,475	-	-	10,166,424	9,185,475
Income Taxes	4,962,270	6,806,574	-	-	4,962,270	6,806,574
Other General Revenues	3,258,572	3,984,597	42,613	22,607	3,301,185	4,007,204
Total Revenues	72,688,926	69,791,631	14,316,719	13,725,993	87,005,645	83,517,624
Expenses						
General Government	14,122,355	11,887,182	-	-	14,122,355	11,887,182
Public Safety	26,852,282	26,250,522	-	-	26,852,282	26,250,522
Highways and Streets	8,253,576	9,003,014	-	-	8,253,576	9,003,014
Sanitation	2,671,236	2,725,181	-	-	2,671,236	2,725,181
Culture and Recreation	10,431,679	10,328,476	-	-	10,431,679	10,328,476
Community Development	11,280,361	6,452,997	-	-	11,280,361	6,452,997
Interest	3,186,421	3,787,430			3,186,421	3,787,430
Water	-	-	8,446,681	7,935,376	8,446,681	7,935,376
Sewer	-	-	2,585,748	2,575,247	2,585,748	2,575,247
Stormwater Management	-	-	1,777,625	1,773,732	1,777,625	1,773,732
Total Expenses	76,797,910	70,434,802	12,810,054	12,284,355	89,607,964	82,719,157
Change in Net Position						
Before Transfers	(4,108,984)	(643,171)	1,506,665	1,441,638	(2,602,319)	798,467
Transfers	-	-	-	-	-	-
Change in Net Position	(4,108,984)	(643,171)	1,506,665	1,441,638	(2,602,319)	798,467
Net Position - Beginning as Restated	44,964,861	42,521,033	42,198,143	40,756,505	87,163,004	83,277,538
Net Position - Ending	40,855,877	41,877,862	43,704,808	42,198,143	84,560,685	84,076,005

TOWN OF NORMAL, ILLINOIS

Management's Discussion and Analysis March 31, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of the Town's governmental activities decreased by 8.9 percent (\$40,855,877 in 2017 compared to \$44,964,861 in 2016, as restated). Unrestricted net position totaled a deficit of \$36,643,230 at March 31, 2017.

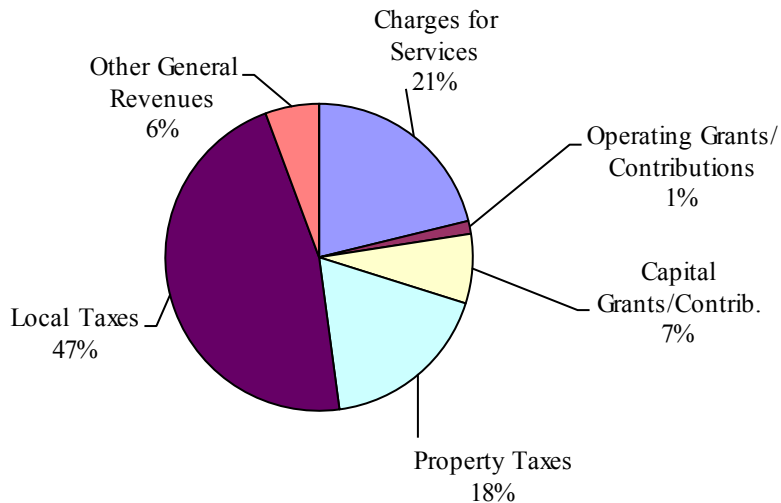
Net position of business-type activities increased by 3.6 percent (\$43,704,808 in 2017 compared to \$42,198,143 in 2016).

Governmental Activities

Revenues for governmental activities totaled \$72,688,926, while the cost of all governmental functions totaled \$76,797,910. This results in a deficit of \$4,108,984. In 2016, expenses of \$70,434,802 exceeded revenues of \$69,791,631, resulting in a deficit of \$643,171. The deficit in 2017 was due in large part to one-time capital spending.

The following table graphically depicts the major revenue sources of the Town of Normal. It depicts very clearly the reliance of property taxes, sales taxes and other major taxes to fund governmental activities. It also clearly identifies the less significant percentage the Town receives from charges for services.

Revenues by Source - Governmental Activities



TOWN OF NORMAL, ILLINOIS

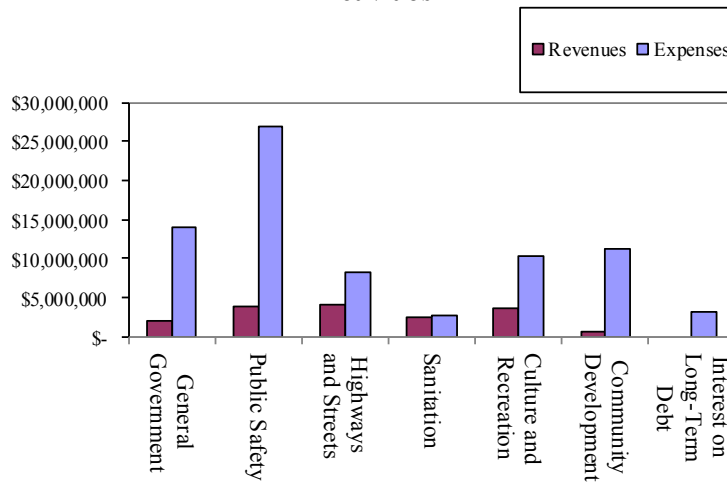
**Management’s Discussion and Analysis
March 31, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

The ‘Expenses and Program Revenues’ Table identifies those governmental functions where program expenses greatly exceed revenues. It should be noted that these operations are not meant to fund themselves from the minor revenues they collect as these are core government functions and are supported by community taxes.

Expenses and Program Revenues - Governmental Activities

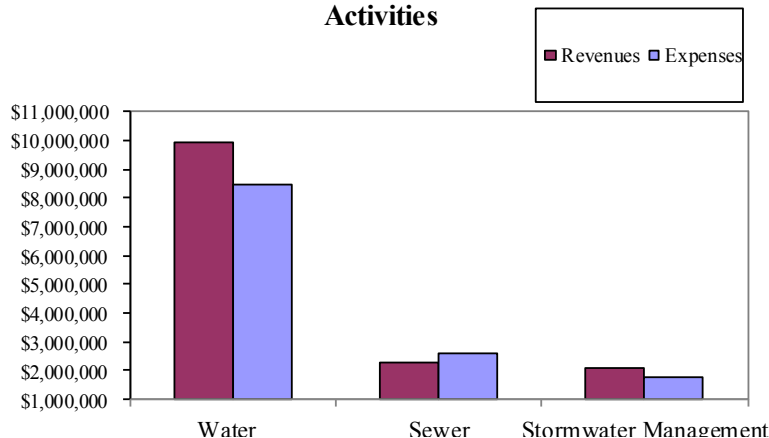


Business-Type activities

Business-Type activities posted total revenues of \$14,316,719, while the cost of all business-type activities totaled \$12,810,054. This results in a surplus of \$1,506,665. In 2016, revenues of \$13,725,993 exceed expenses of \$12,284,355, resulting in a surplus of \$1,441,638. The surplus in the current year is due a rate increase as well as slightly lower capital spending in the Water Fund.

The below graph compares program revenues to expenses for utility operations.

Expenses and Program Revenues - Business-Type Activities



TOWN OF NORMAL, ILLINOIS

Management's Discussion and Analysis March 31, 2017

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town of Normal uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Town's governmental funds reported combining ending fund balances of \$51,780,933, which is \$1,411,670, or 2.7 percent, lower than last year's restated total of \$53,192,603. Of the \$51,780,933 total, \$27,192,425, or approximately 52.5 percent, of the fund balance constitutes unassigned fund balance.

The General Fund reported a negative change in fund balance for the year of \$574,911, a decrease of 2.0 percent. This decrease was actually better than the anticipated \$2,266,255 decrease in the final budget for the year. This was due in large part to cost controlling measures during the year. Revenues for the year of \$64,759,030 came in at 98.5 percent of budget, while expenditures for the year of \$57,083,239 came in at only 95.8 percent of budget.

The General Fund is the chief operating fund of the Town. At March 31, 2017, unassigned fund balance in the General Fund was \$27,192,425, which represents 97.3 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 47.6 percent of total General Fund expenditures, or approximately 5.7 months of operations.

The Debt Service Fund reported an increase in fund balance of \$689,107, resulting in ending fund balance of \$5,422,967 that will be used for future debt service principal, interest and related costs.

The Fire Station Capital Investment Fund reported a decrease in fund balance of \$461,206, resulting in ending fund balance of \$9,020,115. The decrease in the current year was due to construction of a new fire station.

The Uptown TIF Fund reported a decrease of \$2,967 for the year, resulting in a zero-balance fund balance as of March 31, 2017. This was part of a final development agreement payout.

TOWN OF NORMAL, ILLINOIS

Management's Discussion and Analysis March 31, 2017

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS – Continued

Proprietary Funds

The Town of Normal's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Town reports the Water and Sewer Funds as a major proprietary fund. The water and sewer rates are established at a level that will finance all operations and capital infrastructure needs of the system.

The Town intends to run the fund at a slight surplus or breakeven rate each year to ensure the operations maintains a positive financial position. Periodically, there will be an annual surplus or draw down due to timing of capital projects. The surplus in the Water Fund during the current fiscal year was \$1,502,798 and the deficit in the Sewer Fund during the current fiscal year was \$284,394.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town made several budget amendments to the General Fund during the year. General Fund actual revenues for the year totaled \$64,759,030, compared to final budgeted revenues of \$65,744,5875. As stated earlier, revenues came in at 98.5 percent of the budget for the year.

The General Fund actual expenditures for the year were \$2,472,720 lower than budgeted (\$57,083,239 actual compared to \$59,555,959 budgeted). General cost controlling measures during the year resulted in all functions of the General Fund coming in under budget for the year.

TOWN OF NORMAL, ILLINOIS

Management's Discussion and Analysis March 31, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town of Normal's investment in capital assets for its governmental and business type activities as of March 31, 2017 was \$194,714,273 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and parking lot equipment and improvements.

	Capital Assets - Net of Depreciation					
	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land and Right of Ways	\$ 35,770,102	36,628,309	384,302	384,302	36,154,404	37,012,611
Construction in Progress	6,791,818	2,502,904	3,513,069	3,075,887	10,304,887	5,578,791
Building and Improvements	70,547,685	70,570,836	34,973,251	33,374,366	105,520,936	103,945,202
Vehicles and Equipment	8,592,745	8,429,009	1,619,450	1,368,531	10,212,195	9,797,540
Infrastructure	32,521,851	34,253,645	-	2,601	32,521,851	34,256,246
Total	154,224,201	152,384,703	40,490,072	38,205,687	194,714,273	190,590,390

This year's major additions included:

Land	\$ 75,229
Construction in Progress	7,907,762
Building and Improvement	6,873,767
Vehicles and Equipment	2,979,758
Infrastructure	749,567
	<u>18,586,083</u>

Additional information on Town's capital assets can be found in Note 3 of this report.

TOWN OF NORMAL, ILLINOIS

Management's Discussion and Analysis March 31, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the Town of Normal had total outstanding debt of \$92,320,992 as compared to \$94,163,699 the previous year, a decrease of 2.0 percent. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Alternate Bonds	\$ 84,225,659	85,699,963	6,264,341	6,500,037	90,490,000	92,200,000
IEPA Loan Payables	-	-	1,830,992	1,963,699	1,830,992	1,963,699
Total	84,225,659	85,699,963	8,095,333	8,463,736	92,320,992	94,163,699

As an Illinois home-rule community, the Town is not subject to any debt limitation. The Town's most recent bond rating (March 2016) is As1 from Moody's Investor Service, AAA from Fitch Ratings and AA from Standard & Poor's Ratings Service.

Additional information on the Town's long-term debt can be found in Note 3 of this report.

ECONOMIC FACTORS

The Town's property tax base possesses significant residential and commercial components. The value of residential and commercial (including industrial and railroad) properties comprised 68.1% and 30.1%, respectively, of the Town's total 2016 equalized assessed value of \$862,535,718. Property taxes imposed on property within the Town's corporate limits provide a stable revenue source.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Normal's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Office of the Finance Director, Andrew Huhn, Director of Finance, Town of Normal, 11 Uptown Circle, Normal, Illinois 61761..

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWN OF NORMAL, ILLINOIS

**Statement of Net Position
March 31, 2017**

	Governmental Activities	Business-Type Activities	Totals	Component Units	
				Library	Children's Discovery Museum Foundation
ASSETS					
Current Assets					
Cash and Investments	\$ 49,120,055	\$ 15,438,254	\$ 64,558,309	\$ 4,132,266	\$ 537,915
Receivables - Net of Allowances	22,585,058	1,932,278	24,517,336	4,000,744	11,065
Prepays/Inventories	157,440	455,020	612,460	-	5,000
Total Current Assets	71,862,553	17,825,552	89,688,105	8,133,010	553,980
Capital Assets					
Nondepreciable	42,561,920	3,897,371	46,459,291	126,211	-
Depreciable	199,189,308	68,218,020	267,407,328	5,456,055	-
Accumulated Depreciation	(87,527,027)	(31,625,319)	(119,152,346)	(4,220,475)	-
Total Capital Assets	154,224,201	40,490,072	194,714,273	1,361,791	-
Total Assets	226,086,754	58,315,624	284,402,378	9,494,801	553,980
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Refunding Loss	1,410,340	-	1,410,340	-	-
Deferred Items - IMRF	4,696,408	1,069,083	5,765,491	540,930	-
Deferred Items - Police Pension	3,351,273	-	3,351,273	-	-
Deferred Items - Firefighters' Pension	1,975,325	-	1,975,325	-	-
Total Deferred Outflows of Resources	11,433,346	1,069,083	12,502,429	540,930	-
Total Assets and Deferred Outflows of Resources	237,520,100	59,384,707	296,904,807	10,035,731	553,980

The notes to the financial statements are an integral part of this statement.

	Governmental Activities	Business-Type Activities	Totals	Component Units	
				Library	Children's Discovery Museum Foundation
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 3,305,974	\$ 1,487,092	\$ 4,793,066	\$ 88,228	\$ 9,785
Accrued Payroll	1,324,166	167,626	1,491,792	98,126	-
Claims Payable	402,350	-	402,350	-	-
Deposits Payable	1,412,572	-	1,412,572	-	-
Accrued Interest Payable	924,072	51,353	975,425	-	-
Other Payables	712,232	-	712,232	32,454	5,000
Current Portion of Long-Term Debt	2,320,765	297,667	2,618,432	22,922	-
Total Current Liabilities	10,402,131	2,003,738	12,405,869	241,730	14,785
Noncurrent Liabilities					
Compensated Absences Payable	1,913,992	126,610	2,040,602	91,687	-
Net Pension Liability - IMRF	13,544,544	3,110,970	16,655,514	1,577,067	-
Net Pension Liability - Police Pension	32,142,361	-	32,142,361	-	-
Net Pension Liability - Firefighters' Pension	23,981,991	-	23,981,991	-	-
Net Other Post-Employment Benefit Obligation	16,238,909	2,558,124	18,797,033	1,491,914	-
General Obligation Bonds Payable - Net	85,797,031	6,131,033	91,928,064	-	-
IEPA Loans Payable	-	1,698,285	1,698,285	-	-
Total Noncurrent Liabilities	173,618,828	13,625,022	187,243,850	3,160,668	-
Total Liabilities	184,020,959	15,628,760	199,649,719	3,402,398	14,785
DEFERRED INFLOWS OF RESOURCES					
Deferred Items - IMRF	237,099	51,139	288,238	25,569	-
Deferred Items - Firefighters' Pension	1,144,597	-	1,144,597	-	-
Property Taxes	11,261,568	-	11,261,568	3,903,800	-
Total Deferred Inflows of Resources	12,643,264	51,139	12,694,403	3,929,369	-
Total Liabilities and Deferred Inflows of Resources	196,664,223	15,679,899	212,344,122	7,331,767	14,785
NET POSITION					
Net Investment in Capital Assets	67,850,818	32,394,739	100,245,557	1,361,791	-
Restricted - TIF Development	231,820	-	231,820	-	-
Restricted - Law Enforcement	89,290	-	89,290	-	-
Restricted - Highways and Streets	3,903,211	-	3,903,211	-	-
Restricted - Community Development	1,001	-	1,001	-	-
Restricted - Debt Service	4,184,906	344,752	4,529,658	-	-
Restricted - Library Development	-	-	-	546,364	-
Restricted - Foundation Exhibits	-	-	-	-	380,617
Unrestricted (Deficit)	(35,405,169)	10,965,317	(24,439,852)	795,809	158,578
Total Net Position	\$ 40,855,877	\$ 43,704,808	\$ 84,560,685	\$ 2,703,964	\$ 539,195

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

Statement of Activities

For the Fiscal Year Ended March 31, 2017

	Expenses	Program Revenues		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions
Governmental Activities				
General Government	\$ 14,122,355	\$ 1,958,133	\$ 3,733	\$ -
Public Safety	26,852,282	4,078,241	59,767	-
Highway and Streets	8,253,576	-	69,174	4,141,332
Sanitation	2,671,236	2,499,868	-	-
Culture and Recreation	10,431,679	3,632,887	83,067	-
Community Development	11,280,361	23,895	568,956	67,425
Interest on Long-Term Debt	3,186,421	-	-	-
Total Governmental Activities	76,797,910	12,193,024	784,697	4,208,757
Business-Type Activities				
Water	8,446,681	9,925,528	-	-
Sewer	2,585,748	2,290,524	-	-
Storm Water Management	1,777,625	2,058,054	-	-
Total Business-Type Activities	12,810,054	14,274,106	-	-
Total Primary Government	\$ 89,607,964	\$ 26,467,130	\$ 784,697	\$ 4,208,757
Component Units				
Library	\$ 4,055,058	\$ 60,645	\$ 1,000	\$ -
Children's Discovery Museum Foundation	197,330	189,363	-	-
Total Component Units	\$ 4,252,388	\$ 250,008	\$ 1,000	\$ -

General Revenues

Taxes

Property Taxes
Franchise Taxes
Local Sales Taxes
Utility Taxes
Other Taxes

Intergovernmental - Unrestricted

Sales Taxes
Income Taxes
Use Taxes
Replacement Taxes

Investment Income

Miscellaneous

Change in Net Position

Net Position - Beginning as Restated

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expenses)/Revenues			Component Units	
Primary Government			Library	Children's Discovery Museum Foundation
Governmental Activities	Business-Type Activities	Totals		
\$ (12,160,489)	\$ -	\$ (12,160,489)	\$ -	\$ -
(22,714,274)	-	(22,714,274)	-	-
(4,043,070)	-	(4,043,070)	-	-
(171,368)	-	(171,368)	-	-
(6,715,725)	-	(6,715,725)	-	-
(10,620,085)	-	(10,620,085)	-	-
(3,186,421)	-	(3,186,421)	-	-
(59,611,432)	-	(59,611,432)	-	-
-	1,478,847	1,478,847	-	-
-	(295,224)	(295,224)	-	-
-	280,429	280,429	-	-
-	1,464,052	1,464,052	-	-
(59,611,432)	1,464,052	(58,147,380)	-	-
-	-	-	(3,993,413)	-
-	-	-	-	(7,967)
-	-	-	(3,993,413)	(7,967)
10,372,642	-	10,372,642	3,748,235	-
1,152,454	-	1,152,454	-	-
14,757,849	-	14,757,849	-	-
4,186,122	-	4,186,122	-	-
6,646,115	-	6,646,115	136,066	-
8,592,633	-	8,592,633	-	-
4,962,270	-	4,962,270	-	-
1,294,389	-	1,294,389	-	-
279,402	-	279,402	-	-
137,527	42,613	180,140	12,539	-
3,121,045	-	3,121,045	9,938	-
55,502,448	42,613	55,545,061	3,906,778	-
(4,108,984)	1,506,665	(2,602,319)	(86,635)	(7,967)
44,964,861	42,198,143	87,163,004	2,790,599	547,162
\$ 40,855,877	\$ 43,704,808	\$ 84,560,685	\$ 2,703,964	\$ 539,195

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

**Balance Sheet - Governmental Funds
March 31, 2017**

	General	Debt Service
ASSETS		
Cash and Investments	\$ 22,595,682	\$ 5,422,967
Receivables - Net of Allowances		
Property Taxes	8,271,000	-
Local Taxes	1,477,083	-
Accrued Interest	42,706	-
Other	1,716,003	-
Due from Other Governments	6,476,357	-
Due from Other Funds	-	-
Prepays	94,617	-
Inventories	62,823	-
	<hr/>	<hr/>
Total Assets	<u>40,736,271</u>	<u>5,422,967</u>
LIABILITIES		
Accounts Payable	1,040,197	-
Accrued Payroll	1,324,166	-
Deposits Payable	1,412,572	-
Due to Other Funds	28,150	-
Other Payables	712,232	-
Total Liabilities	<hr/> 4,517,317	<hr/> -
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	8,271,000	-
Total Liabilities and Deferred Inflows of Resources	<hr/> 12,788,317	<hr/> -
FUND BALANCES		
Nonspendable	157,440	-
Restricted	-	5,108,978
Committed	-	-
Assigned	598,089	313,989
Unassigned	27,192,425	-
Total Fund Balances	<hr/> 27,947,954	<hr/> 5,422,967
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 40,736,271</u>	<u>\$ 5,422,967</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects			
Fire Station Capital Investment	Uptown TIF	Nonmajor	Totals
\$ 9,121,447	\$ -	\$ 10,090,162	\$ 47,230,258
-	2,181,789	808,779	11,261,568
-	-	-	1,477,083
-	-	9,208	51,914
-	-	8,909	1,724,912
-	-	1,414,499	7,890,856
-	-	101,332	101,332
-	-	-	94,617
-	-	-	62,823
<u>9,121,447</u>	<u>2,181,789</u>	<u>12,432,889</u>	<u>69,895,363</u>
-	-	2,234,213	3,274,410
-	-	-	1,324,166
-	-	-	1,412,572
101,332	-	-	129,482
-	-	-	712,232
<u>101,332</u>	<u>-</u>	<u>2,234,213</u>	<u>6,852,862</u>
-	2,181,789	808,779	11,261,568
<u>101,332</u>	<u>2,181,789</u>	<u>3,042,992</u>	<u>18,114,430</u>
-	-	-	157,440
-	-	4,225,322	9,334,300
-	-	58,453	58,453
9,020,115	-	5,106,122	15,038,315
-	-	-	27,192,425
<u>9,020,115</u>	<u>-</u>	<u>9,389,897</u>	<u>51,780,933</u>
<u>\$ 9,121,447</u>	<u>\$ 2,181,789</u>	<u>\$ 12,432,889</u>	<u>\$ 69,895,363</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to the
Statement of Net Position - Governmental Activities**

March 31, 2017

Total Governmental Fund Balances **\$ 51,780,933**

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial
resources and therefore, are not reported in the funds. 154,224,201

Deferred outflows (inflows) of resources related to the pensions not reported
in the funds.

Deferred Items - IMRF	4,459,309
Deferred Items - Police Pension	3,351,273
Deferred Items - Firefighters' Pension	830,728

Internal Service Funds are used by the Town to charge the health and dental insurance
to individual funds.

The assets and liabilities of the internal service funds are included in
the governmental activities in the Statement of Net Position. 1,662,758

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

Compensated Absences Payable	(2,248,065)
Net Pension Liability - IMRF	(13,544,544)
Net Pension Liability - Police Pension	(32,142,361)
Net Pension Liability - Firefighters' Pension	(23,981,991)
Net Other Post-Employment Benefit Obligation Payable	(16,238,909)
General Obligation Bonds Payable - Net	(87,783,723)
Unamortized Refunding Loss	1,410,340
Accrued Interest	(924,072)

Net Position of Governmental Activities **\$ 40,855,877**

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended March 31, 2017**

See Following Page

TOWN OF NORMAL, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended March 31, 2017**

	General	Debt Service
Revenues		
Taxes	\$ 34,438,369	\$ -
Intergovernmental	15,354,199	-
Charges for Services	9,950,084	-
Licenses and Permits	771,948	-
Fines and Forfeitures	1,313,877	-
Investment Income	35,860	626
Miscellaneous	2,894,693	169,144
Total Revenues	<u>64,759,030</u>	<u>169,770</u>
Expenditures		
Current		
General Government	10,771,218	-
Public Safety	23,892,013	-
Highway and Streets	5,186,507	-
Sanitation	2,351,441	-
Culture and Recreation	8,872,755	-
Community Development	6,009,305	-
Debt Service		
Principal Payment	-	1,744,305
Interest and Fiscal Charges	-	3,637,484
Total Expenditures	<u>57,083,239</u>	<u>5,381,789</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,675,791</u>	<u>(5,212,019)</u>
Other Financing Sources (Uses)		
Disposal of Capital Assets	359,950	-
Debt Issuance	-	18,954,179
Premium on Debt Issuance	-	559,832
Discount on Debt Issuance	-	(92,889)
Payment to Escrow Agent	-	(19,167,497)
Transfers In	-	5,647,501
Transfers Out	(8,610,652)	-
	<u>(8,250,702)</u>	<u>5,901,126</u>
Net Change in Fund Balances	(574,911)	689,107
Fund Balances - Beginning as Restated	<u>28,522,865</u>	<u>4,733,860</u>
Fund Balances - Ending	<u>\$ 27,947,954</u>	<u>\$ 5,422,967</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects			
Fire Station Capital Investment	Uptown TIF	Nonmajor	Totals
\$ -	\$ 1,932,997	\$ 743,816	\$ 37,115,182
-	-	4,837,480	20,191,679
-	-	83,372	10,033,456
-	-	-	771,948
-	-	-	1,313,877
36,691	328	33,701	107,206
-	-	23,028	3,086,865
36,691	1,933,325	5,721,397	72,620,213
396,565	355,582	1,282,683	12,806,048
-	-	3,348,084	27,240,097
-	-	2,435,615	7,622,122
-	-	-	2,351,441
-	-	800,684	9,673,439
-	-	3,561,217	9,570,522
-	-	-	1,744,305
-	-	-	3,637,484
396,565	355,582	11,428,283	74,645,458
(359,874)	1,577,743	(5,706,886)	(2,025,245)
-	-	-	359,950
-	-	-	18,954,179
-	-	-	559,832
-	-	-	(92,889)
-	-	-	(19,167,497)
-	-	4,714,459	10,361,960
(101,332)	(1,580,710)	(69,266)	(10,361,960)
(101,332)	(1,580,710)	4,645,193	613,575
(461,206)	(2,967)	(1,061,693)	(1,411,670)
9,481,321	2,967	10,451,590	53,192,603
\$ 9,020,115	\$ -	\$ 9,389,897	\$ 51,780,933

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Activities**

For the Fiscal Year Ended March 31, 2017

Net Change in Fund Balances - Total Governmental Funds **\$ (1,411,670)**

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	11,277,820
Depreciation Expense	(8,447,099)
Disposals - Cost	(1,960,157)
Disposals - Accumulated Depreciation	968,934

Deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	868,167
Change in Deferred Items - Police Pension	713,025
Change in Deferred Items - Firefighters' Pension	261,465

Internal service funds are used by the Town to charge the costs of health and dental
insurance to individual funds.

The net revenue of certain activities of internal service funds is reported with
with governmental activities. (653,469)

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Additions to Compensated Absences Payable	(222,573)
Additions to Net Pension Liability - IMRF	(1,414,593)
Additions to Net Pension Liability - Police Pension	(2,349,302)
Additions to Net Pension Liability - Firefighters' Pension	(1,376,205)
Additions to Net Other Post-Employment Benefit Obligation Payable	(2,305,070)
Issuance of Debt	(18,954,179)
Amortization of Refunding Loss	335,924
Retirement of Debt - Net	20,488,831

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds. 71,167

Changes in Net Position of Governmental Activities **\$ (4,108,984)**

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

Statement of Net Position - Proprietary Funds
March 31, 2017

See Following Page

TOWN OF NORMAL, ILLINOIS

**Statement of Net Position - Proprietary Funds
March 31, 2017**

	Business-Type Activities - Enterprise				Governmental Activities
				Internal Service	
	Water	Sewer	Nonmajor Storm Water Management	Totals	Health and Dental Insurance
ASSETS					
Current Assets					
Cash and Investments	\$ 10,179,250	\$ 1,358,220	\$ 3,900,784	\$ 15,438,254	\$ 1,889,797
Receivables - Net of Allowances					
Accounts - Consumers	543,145	92,418	91,753	727,316	-
Estimated Unbilled Usage	853,400	195,924	-	1,049,324	-
Other	69,472	19,632	32,832	121,936	174,166
Accrued Interest	21,773	2,016	9,913	33,702	4,559
Due from Other Funds	-	142,577	-	142,577	-
Prepays	11,055	4,605	-	15,660	-
Inventory	439,360	-	-	439,360	-
Total Current Assets	12,117,455	1,815,392	4,035,282	17,968,129	2,068,522
Noncurrent Assets					
Capital Assets					
Nondepreciable	2,008,132	1,418,410	470,829	3,897,371	-
Depreciable	46,227,616	21,510,099	480,305	68,218,020	-
Accumulated Depreciation	(19,898,796)	(11,600,015)	(126,508)	(31,625,319)	-
Total Noncurrent Assets	28,336,952	11,328,494	824,626	40,490,072	-
Total Assets	40,454,407	13,143,886	4,859,908	58,458,201	2,068,522
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items - IMRF	839,596	229,487	-	1,069,083	-
Total Assets and Deferred Outflows of Resources	41,294,003	13,373,373	4,859,908	59,527,284	2,068,522

The notes to the financial statements are an integral part of this statement.

	Business-Type Activities - Enterprise				Governmental
				Internal	
	Water	Sewer	Nonmajor Storm Water Management	Totals	Service Health and Dental Insurance
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 1,079,333	\$ 91,584	\$ 316,175	\$ 1,487,092	\$ 3,414
Accrued Payroll	123,960	43,666	-	167,626	-
Claims Payable	-	-	-	-	402,350
Accrued Interest Payable	37,830	13,523	-	51,353	-
Due to Other Funds	-	-	142,577	142,577	-
Compensated Absences	23,308	8,344	-	31,652	-
General Obligation Bonds Payable	98,635	34,673	-	133,308	-
IEPA Loans Payable	132,707	-	-	132,707	-
Total Current Liabilities	1,495,773	191,790	458,752	2,146,315	405,764
Noncurrent Liabilities					
Compensated Absences	93,235	33,375	-	126,610	-
Net Other Post-Employment Benefit Obligation	1,759,043	799,081	-	2,558,124	-
Net Pension Liability - IMRF	2,441,910	669,060	-	3,110,970	-
General Obligation Bonds Payable	3,529,612	2,601,421	-	6,131,033	-
IEPA Loans Payable	1,698,285	-	-	1,698,285	-
Total Noncurrent Liabilities	9,522,085	4,102,937	-	13,625,022	-
Total Liabilities	11,017,858	4,294,727	458,752	15,771,337	405,764
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Items - IMRF	40,291	10,848	-	51,139	-
Total Liabilities and Deferred Outflows of Resources	11,058,149	4,305,575	458,752	15,822,476	405,764
NET POSITION					
Net Investment in Capital Assets	22,877,713	8,692,400	824,626	32,394,739	-
Restricted - Debt Service	226,446	118,306	-	344,752	-
Unrestricted	7,131,695	257,092	3,576,530	10,965,317	1,662,758
Total Net Position	\$ 30,235,854	\$ 9,067,798	\$ 4,401,156	\$ 43,704,808	\$ 1,662,758

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Fiscal Year Ended March 31, 2017**

	Business-Type Activities - Enterprise				Governmental Activities
	Water	Sewer	Nonmajor	Totals	Internal Service
			Storm Water Management		Health and Dental Insurance
Operating Revenues					
Charges for Services	\$ 9,745,802	\$ 2,290,524	\$ 2,058,054	\$ 14,094,380	\$ 5,440,235
Rent Income	60,539	-	-	60,539	-
Miscellaneous	119,187	-	-	119,187	38,392
Total Operating Revenues	9,925,528	2,290,524	2,058,054	14,274,106	5,478,627
Operating Expenses					
Personal Services	3,516,435	1,256,453	-	4,772,888	5,469,412
Contractual Services	2,246,145	438,119	1,761,114	4,445,378	457,370
Supplies and Materials	1,479,913	114,196	-	1,594,109	-
Miscellaneous	(42,695)	35,739	-	(6,956)	235,635
Depreciation	1,178,326	647,374	16,511	1,842,211	-
Total Operating Expenses	8,378,124	2,491,881	1,777,625	12,647,630	6,162,417
Operating Income (Loss)	1,547,404	(201,357)	280,429	1,626,476	(683,790)
Nonoperating Revenues (Expenses)					
Investment Income	23,951	10,830	7,832	42,613	30,321
Disposal of Capital Assets	69,035	-	-	69,035	-
Interest Expense and Fiscal Charges	(137,592)	(93,867)	-	(231,459)	-
	(44,606)	(83,037)	7,832	(119,811)	30,321
Change in Net Position	1,502,798	(284,394)	288,261	1,506,665	(653,469)
Net Position - Beginning	28,733,056	9,352,192	4,112,895	42,198,143	2,316,227
Net Position - Ending	\$ 30,235,854	\$ 9,067,798	\$ 4,401,156	\$ 43,704,808	\$ 1,662,758

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended March 31, 2017

	Business-Type Activities - Enterprise				Governmental Activities
				Internal Service	Health and Dental Insurance
	Water	Sewer	Nonmajor Storm Water Management	Totals	
Cash Flows from Operating Activities					
Receipts from Customers and Users	\$ 9,690,797	\$ 2,093,000	\$ 2,022,178	\$ 13,805,975	\$ 5,427,885
Payments to Employees	(3,516,435)	(1,256,453)	-	(4,772,888)	-
Payments to Suppliers	(2,857,116)	(634,158)	(1,444,697)	(4,935,971)	(6,069,288)
	<u>3,317,246</u>	<u>202,389</u>	<u>577,481</u>	<u>4,097,116</u>	<u>(641,403)</u>
Cash Flows from Capital and Related Financing Activities					
Purchase of Capital Assets	(2,677,296)	(1,449,300)	-	(4,126,596)	-
Disposal of Capital Assets	69,035	-	-	69,035	-
Issuance of Capital Debt	1,509,519	1,891,302	-	3,400,821	-
Interest on Capital Debt	(137,592)	(93,867)	-	(231,459)	-
Principal on Capital Debt	(1,792,456)	(1,976,766)	-	(3,769,222)	-
	<u>(3,028,790)</u>	<u>(1,628,631)</u>	<u>-</u>	<u>(4,657,421)</u>	<u>-</u>
Cash Flows from Investing Activities					
Interest Received	23,951	10,830	7,832	42,613	30,321
Net Change in Cash and Cash Equivalents	312,407	(1,415,412)	585,313	(517,692)	(611,082)
Cash and Cash Equivalents - Beginning	9,866,843	2,773,632	3,315,471	15,955,946	2,500,879
Cash and Cash Equivalents - Ending	<u>10,179,250</u>	<u>1,358,220</u>	<u>3,900,784</u>	<u>15,438,254</u>	<u>1,889,797</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	1,547,404	(201,357)	280,429	1,626,476	(683,790)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation Expense	1,178,326	647,374	16,511	1,842,211	-
(Increase) Decrease in Current Assets	(234,731)	(197,524)	(35,876)	(468,131)	(50,742)
Increase (Decrease) in Current Liabilities	826,247	(46,104)	316,417	1,096,560	93,129
Net Cash Provided by Operating Activities	<u>\$ 3,317,246</u>	<u>\$ 202,389</u>	<u>\$ 577,481</u>	<u>\$ 4,097,116</u>	<u>\$ (641,403)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

**Statement of Fiduciary Net Position
March 31, 2017**

	Pension Trust	Agency SSA College Hills Bond
ASSETS		
Cash and Cash Equivalents	\$ 7,339,013	\$ 964,241
Investments		
U.S. Treasuries	3,468,821	-
U.S. Agencies	5,433,790	-
Corporate Bonds	5,612,183	-
Common Stock	995,381	-
Equities	4,201,768	-
Mutual Funds	37,173,502	-
Receivables - Net of Allowance		
Other	72,933	-
Accrued Interest	125,846	-
Due from Other Funds	28,150	-
Taxes	-	564,072
	<u>64,451,387</u>	<u>\$ 1,528,313</u>
Total Assets		
LIABILITIES		
Accounts Payable	12,202	\$ -
Other Payables	-	564,072
Due to Bondholders	-	964,241
	<u>12,202</u>	<u>\$ 1,528,313</u>
Total Liabilities		
NET POSITION		
Net Position Restricted for Pensions	<u>\$ 64,439,185</u>	

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended March 31, 2017**

	<u>Pension Trust</u>
Additions	
Contributions - Employer	\$ 3,350,365
Contributions - Plan Members	<u>1,114,004</u>
Total Contributions	<u>4,464,369</u>
Investment Income	
Interest Earned	2,793,564
Net Change in Fair Value	<u>3,195,371</u>
	5,988,935
Less Investment Expenses	<u>(87,068)</u>
	<u>5,901,867</u>
Total Additions	<u>10,366,236</u>
Deductions	
Administration	249,099
Benefits and Refunds	<u>4,956,580</u>
Total Deductions	<u>5,205,679</u>
Change in Fiduciary Net Position	5,160,557
Net Position Restricted for Pensions	
Beginning	<u>59,278,628</u>
Ending	<u>\$ 64,439,185</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Normal (Town), Illinois, incorporated in March 1867 is located in McLean County, Illinois. The Town operates under a council-manager form of government and provides a full range of services including public safety, planning and zoning, highway and streets, parks and recreational, water, sewer, stormwater management, and general government functions.

The government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Town’s accounting policies established in GAAP and used by the Town are described below.

REPORTING ENTITY

The Town’s financial reporting entity comprises the following:

Primary Government:	Town of Normal
Discretely Presented Component Units:	Normal Public Library Children’s Discovery Museum Foundation

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and includes all component units that have a significant operational or financial relationship with the Town.

Police Pension Employees Retirement System

The Town’s sworn police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the Town’s Mayor, one elected pension beneficiary and two elected police employees constitute the Pension Board. The participants are required to contribute a percentage of salary as established by state statute and the Town is obligated to fund all remaining PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Town is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it is legally separate from the Town, the PPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Town’s police employees. The PPERS is reported as a fiduciary fund, and specifically a pension trust fund, due to the fiduciary responsibility exercised over the PPERS.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements

March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

REPORTING ENTITY – Continued

Firefighters' Pension Employees Retirement System

The Town's sworn full-time firefighters participate in the Firefighters' Pension Employees Retirement System (FPERS). FPERS functions for the benefit of these employees and is governed by a five-member pension board, with two members appointed by the Town's President, two elected from active participants of the Fund, and one elected from the retired members of the Fund. The participants are required to contribute a percentage of salary as established by state statute and the Town is obligated to fund all remaining FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the Town is authorized to approve the actuarial assumptions used in the determination of the Town's contribution levels. Although it is legally separate from the Town, the FPERS is reported as if it were part of the primary government because its sole purpose is to provide retirement benefits for the Town's sworn full-time firefighters. The FPERS is reported as a pension trust fund.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending.

Normal Public Library

The Normal Public Library (Library) operates and maintains the public library within the Town. The Library's board is separately elected. The Library is included within the reporting entity of the Town since the Town approves the budget and annual tax levy and since its nature and significance of its relationship to the Town. In addition, the Library is considered to be a legally separate organization. The Library does not issue any separate component unit reports.

Children's Discovery Museum Foundation

The Children's Discovery Museum Foundation (Foundation) supports the mission and vision of the Town of Normal Children's Discovery Museum (Museum). The Foundation's board is separately appointed. The Foundation is included within the reporting entity since the Town exerts significant influence over the Foundation's activities. The Town has the ability to otherwise access the resources of the Foundation which are entirely held for the benefit of the Museum and the resources held by the Foundation are significant to the Town. The information included in this report is for the unit report, which can be obtained by contacting the Foundation at 11 Uptown Circle, Normal, Illinois 61761.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION

Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's public safety, highway and streets, sanitation, culture and recreation, community development, and general administrative services are classified as governmental activities. The Town's water, sewer and stormwater management services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are: (a) presented on a consolidated basis by column; and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Town's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (general government, public safety, water, sewer, etc.). The functions are supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function or business-type activity) are normally covered by general revenue (property tax, sales tax, intergovernmental revenues, interest income, etc.).

The Town allocates indirect costs paid from the General Fund to other funds for personnel who perform administrative services for those funds, along with other indirect costs deemed necessary for their operations.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Town can electively add funds, as major funds, which either have debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

General fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town maintains four special revenue funds.

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Town maintains eight capital projects funds. The Fire Station Capital Improvement Fund, a major fund, is used to account for the revenues and expenditures related to construction of the fire station. The Uptown TIF Fund, also a major fund, is used to account for revenues generated within the established TIF district and expenditures used to make principal and interest payments.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

Enterprise funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The Town maintains three enterprise funds. The Water Fund, a major fund, is used to account for the revenues and expenses related to operating and maintaining the Town's water system. The Sewer Fund, also a major fund, is used to account for the revenues and expenses related to operating and maintaining the Town's sanitary sewer system. The Storm Water Management Fund, a nonmajor fund, is used to account for the federally mandated storm water program.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements

March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Proprietary Funds – Continued

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments, funds or component units of the Town on a cost-reimbursement basis. The Town maintains one internal service fund. The Health and Dental Insurance Fund is used to account for the Town's self-insured health plan. The purpose of the fund is to pay medical claims of the Town's employees and certain retirees and their covered dependents, and to minimize the total cost of annual insurance to the Town. Medical claims exceeding \$150,000 per covered individual with aggregate limit recovered through a private insurance carrier. The Town records a liability for all estimated claims incurred but not reported as of year-end.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

Pension trust funds are used to account for assets held in a trustee capacity for pension benefit payments. The Police Pension Fund accounts for the accumulation of resources to be used for disability and retirement annuity payments to employees covered by the plan. The Firefighters' Pension Fund accounts for the accumulation of resources to pay retirement and other related benefits for sworn members of the Town's Fire Department.

Agency funds are used to account for assets held by the Town in a purely custodial capacity. The SSA College Hills Bond Fund accounts for the debt service payment supported by sales tax and property assessed on business located in the Shoppes at College Hills retail center. The Town is not financially responsible for the debt service on this issue.

The Town's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the Town, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Measurement Focus – Continued

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

All proprietary and pension trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported. Proprietary and pension trust fund equity is classified as net position.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The Town recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting – Continued

A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise fees, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary, pension trust and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap on fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For the purpose of the Statement of Net Position, cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent. For the purpose of the proprietary funds' Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, cash with fiscal agent, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements

March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivables balances for governmental activities include property taxes, sales and use taxes, franchise fees, and grants. Business-type activities report utility charges as their major receivables.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Prepays/Inventories

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepays/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Capital Assets

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements

March 31, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Capital Assets – Continued

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. Infrastructure such as streets and traffic signals are capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Building and Improvements	20 - 67 Years
Vehicles and Equipment	5 - 20 Years
Utilities	5 - 40 Years
Infrastructure	10 - 50 Years

Compensated Absences

The Town accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time of issuance.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Long-Term Obligations – Continued

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Encumbrances

Encumbrance accounting is used for the General Fund, special revenue funds, and capital projects funds. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as assigned fund balance on the balance sheet. Any encumbrances still open at year end lapse and must be re-appropriated in the budget for the new year.

General	\$ 598,089
Nonmajor	<u>499,182</u>
Total Encumbrances Assigned	<u>\$ 1,097,271</u>

Net Position

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets.”

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Town adopts annual budgets for all funds. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- Prior to February 1, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget include proposed expenditures and the means of financing them for the upcoming year.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to March 31, the annual operating budget is legally enacted through passage of an ordinance. Passage of the annual budget is done in lieu of an appropriation ordinance as permitted by the Illinois Compiled Statutes.

Each fund’s budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department. Budget transfers between departments within any fund can be made with a majority vote of the Town Council. The Town Council must approve any revisions that alter the total expenditures of any fund. The level of control (level at which expenditures may not exceed budget) is the department total, not the individual line items.

The Town Council, by a majority vote, may amend the legally adopted budget when unexpected modifications are required in the estimated revenues and expenditures. The Town Council through the year approved revisions to the budget in this manner. These changes are reflected in the budgetary figures included in the accompanying financial statements. Individual amendments were not material in relation to the original appropriations, which were amended.

All budgets are adopted on a modified accrual basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year end

EXCESS OF ACTUAL EXPENDITURES/EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following fund had an excess of actual expenditures/expenses, exclusive of depreciation, over budget as of the date of this report:

Fund	Excess
Debt Service	\$ 226,012
Motor Fuel Tax	17,548
Hotel Dev. and Fire Station	22,857
Roadway	3,289
Storm Water Management	53,474
Health and Dental Insurance	203,737
Firefighters' Pension	166,818

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The Town maintains a cash and investment pool that is available for use by all funds except the pension trust fund. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments". In addition, investments are separately held by several of the Town's funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

Permitted Deposits and Investments – Statutes authorize the Town to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Metropolitan Investment Fund.

The deposits and investments of the Pension Funds are held separately from those of other Town funds. Statutes authorize the Pension Fund to make deposits/invest in interest bearing direct obligations of the United States of America; obligations that are fully guaranteed or insured as to the payment of principal and interest by the United States of America; bonds, notes, debentures, or similar obligations of agencies of the United States of America; savings accounts or certificates of deposit issued by banks or savings and loan associations chartered by the United States of America or by the State of Illinois, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; credit unions, to the extent that the deposits are insured by the agencies or instrumentalities of the federal government; State of Illinois bonds; pooled accounts managed by the Illinois Funds Market Fund (Formerly known as IPTIP, Illinois Public Treasurer's Investment Pool), or by banks, their subsidiaries or holding companies, in accordance with the laws of the State of Illinois; bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois; direct obligations of the State of Israel; money market mutual funds managed by investment companies that are registered under the Federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies, provided the portfolio is limited to specified restrictions; general accounts of life insurance companies; and separate accounts of life insurance companies and mutual funds, the mutual funds must meet specific restrictions, provided the investment in separate accounts and mutual funds does not exceed ten percent of the Pension Fund's plan net position; and corporate bonds managed through an investment advisor, rated as investment grade by one of the two largest rating services at the time of purchase. Pension Funds with plan net position of \$2.5 million or more may invest up to forty-five percent of plan net position in separate accounts of life insurance companies and mutual funds. Pension Funds with plan net position of at least \$5 million that have appointed an investment advisor, may through that investment advisor invest up to forty-five percent of the plan net position in common and preferred stocks that meet specific restrictions. In addition, Pension Funds with plan net position of at least \$10 million that have appointed an investment advisor, may invest up to fifty percent of its net position in common and preferred stocks and mutual funds that meet specific restrictions effective July 1, 2011 and up to fifty-five percent effective July 1, 2012.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements

March 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

Town Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits and Investments. At year-end, the carrying amount of the Town's deposits for governmental and business-type activities totaled \$17,708,955 and the bank balances totaled \$18,656,540.

Investments. The Town has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	Greater Than 10
U.S. Agencies	\$ 21,375,360	\$ 1,961,701	\$ 19,413,659	\$ -	\$ -
Commercial Paper	5,000,000	5,000,000	-	-	-
Certificates of Deposit	10,058,242	1,969,359	8,088,883	-	-
IMET	10,415,752	10,415,752	-	-	-
	<u>46,849,354</u>	<u>19,346,812</u>	<u>27,502,542</u>	<u>-</u>	<u>-</u>

The Town has the following recurring fair value measurements as of March 31, 2017:

- U.S. Agencies of \$21,375,360 are valued using a matrix pricing model (Level 2 inputs)
- Commercial Paper of \$5,000,000 are valued using a matrix pricing model (Level 2 inputs)
- Certificates of Deposit of \$10,058,242 are valued using a matrix pricing model (Level 2 inputs)

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with the policies. The average maturity for the IMET Fund is one to three years.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town limits its exposure to credit risk by primarily investing in external investment pools. At year-end, the Town's investments in U.S. Agencies are all rated AA+ by Standard & Poor's. The Town's investment in the Illinois Metropolitan Investment Trust Convenience Fund is rated AA+ by Standard & Poor's.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Town Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. To guard against credit risk for deposits, with financial institutions, the Town's investment policy requires that deposits with financial institutions in excess of FDIC limits be collateralized with collateral in an amount of 110 percent of the uninsured deposits with the collateral held by an independent third-party institution acting as the agent of the Town. At year-end, the Town's investment in the Illinois Metropolitan Investment Trust was not subject to custodial credit risk. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town limits the exposure to credit risk for investments by limiting investments to securities in accordance with the respective policies, prequalifying institutions the Town will do business with, and diversifying the portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. At year-end, the Town's investments in U.S. Agencies are all insured or registered with the Town or its agent in the Town's name. The IMET Convenience Fund is a depository vehicle that is 110 percent collateralized with obligations of the United States Treasury and its agencies. All collateral securities are held in the name of IMET at the Federal Reserve Bank of New York.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of the Town's investment in a single issuer. The Town's investment requires diversification of investment to avoid unreasonable risk. At year-end, the Town does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Police Pension Fund's deposits totaled \$3,436,315 and the bank balances totaled \$3,495,621.

Interest Rate Risk. The Fund limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with the policies. The average maturity for the IMET Fund is one to three years.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Investments. The fair value and maturities of the Fund’s investments at year-end are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	Greater Than 10
U.S. Treasuries	\$ 629,553	\$ -	\$ 344,809	\$ 284,744	\$ -
U.S. Agencies	1,445,373	-	66,026	66,016	1,313,331
Corporate Bonds	3,311,661	636,914	1,424,492	1,250,255	-
Certificates of Deposit	2,003,010	-	2,003,010	-	-
IMET	153,646	153,646	-	-	-
	<u>\$ 7,543,243</u>	<u>\$ 790,560</u>	<u>\$ 3,838,337</u>	<u>\$ 1,601,015</u>	<u>\$ 1,313,331</u>

The Fund has the following recurring fair value measurements as of March 31, 2017:

Investments by Fair Value Level	March 31, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 629,553	\$ 629,553	\$ -	\$ -
U.S. Agencies	1,445,373	-	1,445,373	-
Corporate Bonds	3,311,661	-	3,311,661	-
Certificates of Deposit	2,003,010	-	2,003,010	-
Equity Securities				
Equities	4,201,768	4,201,768	-	-
Mutual Funds	19,159,042	19,159,042	-	-
Total Investments by Fair Value Level	30,750,407	\$ 23,990,363	\$ 6,760,044	\$ -
Investments Measured at the Net Asset Value (NAV)				
IMET	153,646			
Total Investments Measured at Fair Value	\$ 30,904,053			

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements

March 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Credit Risk. The Fund limits its exposure to credit risk by investing in U.S. Treasuries, IMET, and other money market mutual funds.. The investments in the securities of the U.S. Treasuries and the U.S. Agencies were all rated AAA by Moody’s Investor Services. The corporate bonds were rated AAA to BA2 by Moody’s Investor Services. The Illinois Metropolitan Investment Trust Convenience Fund was rated AA Af by Standard & Poor’s.

Custodial Credit Risk. The Fund’s investment policy does not address custodial credit risk for deposits. At March 31, 2017, \$3,309 of the Fund’s deposits were not covered by federal depository or equivalent insurance.

For an investment, the Fund limits the exposure to credit risk for investments by limiting investments to securities in accordance with the respective policies, prequalifying institutions the Fund will do business with, and diversifying the portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. At year-end, the Fund’s investments in U.S. Treasuries are all insured or registered with the Fund or its agent in the Fund’s name. The IMET Convenience Fund is a depository vehicle that is 110 percent collateralized with obligations of the United States Treasury and its agencies. All collateral securities are held in the name of IMET at the Federal Reserve Bank of New York.

Concentration Credit Risk. The Fund’s investment requires diversification of investment to avoid unreasonable risk. In addition to the securities and fair values listed above, the Fund also has \$4,201,768 invested in equities and has \$19,159,042 invested in mutual funds. At year-end, the Fund does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

The Fund’s investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	2.02% - 11.05%	0.98% - 2.57%
Domestic Equities	1.36% - 43.65%	3.66% - 4.74%
International Equities	11.13% - 12.16%	3.76% - 4.06%
Cash and Cash Equivalents	14.46%	0.44%

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Police Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Concentration Credit Risk – Continued. Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 55%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in April 2017 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of March 31, 2017 are listed in the table above.

Rate of Return

For the year ended March 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 12.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits. At year-end, the carrying amount of the Firefighters' Pension Fund's deposits totaled \$631,244 and the bank balances totaled \$631,244.

Interest Rate Risk. The Fund limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with the policies. The average maturity for the IMET Fund is one to three years.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters’ Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Investments. The fair value and maturities of the Fund’s investments at year-end are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	Greater Than 10
U.S. Treasuries	\$ 2,839,268	\$ 27,943	\$ 1,395,562	\$ 1,415,763	\$ -
U.S. Agencies	3,988,417	-	182,932	187,773	3,617,712
Corporate Bonds	2,300,522	347,301	1,205,538	747,683	-
IMET	1,114,798	1,114,798	-	-	-
	<u>\$ 10,243,005</u>	<u>\$ 1,490,042</u>	<u>\$ 2,784,032</u>	<u>\$ 2,351,219</u>	<u>\$ 3,617,712</u>

The Fund has the following recurring fair value measurements as of March 31, 2017:

Investments by Fair Value Level	March 31, 2017	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
U.S. Treasuries	\$ 2,839,268	\$ 2,839,268	\$ -	\$ -
U.S. Agencies	3,988,417	-	3,988,417	-
Corporate Bonds	2,300,522	-	2,300,522	-
Common Stock	995,381	-	995,381	-
Equity Securities				
Mutual Funds	18,014,460	18,014,460	-	-
Total Investments by Fair Value Level	28,138,048	\$ 20,853,728	\$ 7,284,320	\$ -
Investments Measured at the Net Asset Value (NAV)				
IMET	<u>1,114,798</u>			
Total Investments Measured at Fair Value	<u>\$ 29,252,846</u>			

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements

March 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Credit Risk. The Fund limits its exposure to credit risk by investing in U.S. Treasuries, IMET, and other money market mutual funds. The investments in the securities of the U.S. Treasuries and the U.S. Agencies were all rated AAA by Moody's Investor Services. The corporate bonds were rated AAA to BAA1(-). The Illinois Metropolitan Investment Trust Convenience Fund is rated AAAs by Standard and Poor's

Custodial Credit Risk. The Fund's investment policy does not address custodial credit risk for deposits. At March 31, 2017, all of the Fund's deposits were covered by federal depository or equivalent insurance.

For an investment, the Fund limits the exposure to credit risk for investments by limiting investments to securities in accordance with the respective policies, prequalifying institutions the Fund will do business with, and diversifying the portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. At year-end, the Fund's investments in U.S. Treasuries are all insured or registered with the Fund or its agent in the Fund's name. The IMET Convenience Fund is a depository vehicle that is 110 percent collateralized with obligations of the United States Treasury and its agencies. All collateral securities are held in the name of IMET at the Federal Reserve Bank of New York.

Concentration Credit Risk. The Fund's investment requires diversification of investment to avoid unreasonable risk. In addition to the securities and fair values listed above, the Fund also has \$995,381 invested in common stock and \$18,014,460 invested in mutual funds. At year-end, the Fund does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

The Fund's investment policy in accordance with Illinois Compiled Statutes (ILCS) establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	7.94% - 13.21%	0.98% - 2.57%
Domestic Equities	1.86% - 37.90%	3.66% - 4.74%
International Equities	11.07% - 12.87%	3.76% - 4.06%
Cash and Cash Equivalents	5.05%	0.44%

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Firefighters' Pension Fund Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Concentration Credit Risk – Continued. Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 55%. Securities in any one company should not exceed 5% of the total fund.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in April 2017 in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding the expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of March 31, 2017 are listed in the table above.

Rate of Return

For the year ended March 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 13.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

PROPERTY TAXES

Property taxes receivable represents the 2016 levy that is due and collectible in the 2017-2018 fiscal year. The 2016 levy was adopted in November 2016. Property taxes attach as an enforceable lien on the property as of January 1 and are due and collectible in June and September of the fiscal year following the 2016 tax levy. For governmental fund types, these property taxes are not available for current year operations and are, therefore, shown as deferred inflows. No allowance is provided for uncollectible taxes, which is immaterial to the financial statements. The 2017 levy has not been recorded as a receivable in accordance with GASB Statement No. 33, Accounting for Nonexchange Transactions. While the levy attached as a lien as of January 1, 2017, the taxes will not be levied by the Town or extended by the County until December 2017 and, therefore, the amount is not measurable at March 31, 2017.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 27,073,694	\$ 75,229	\$ 933,436	\$ 26,215,487
Right of Ways	9,554,615	-	-	9,554,615
Construction in Progress	2,502,904	4,904,542	615,628	6,791,818
	<u>39,131,213</u>	<u>4,979,771</u>	<u>1,549,064</u>	<u>42,561,920</u>
Depreciable Capital Assets				
Buildings and Improvements	106,705,672	3,767,630	-	110,473,302
Vehicles and Equipment	19,508,129	2,396,480	1,026,721	20,877,888
Infrastructure	67,088,551	749,567	-	67,838,118
	<u>193,302,352</u>	<u>6,913,677</u>	<u>1,026,721</u>	<u>199,189,308</u>
Less Accumulated Depreciation				
Buildings and Improvements	36,134,836	3,790,781	-	39,925,617
Vehicles and Equipment	11,079,120	2,174,957	968,934	12,285,143
Infrastructure	32,834,906	2,481,361	-	35,316,267
	<u>80,048,862</u>	<u>8,447,099</u>	<u>968,934</u>	<u>87,527,027</u>
 Total Net Depreciable Capital Assets	 <u>113,253,490</u>	 <u>(1,533,422)</u>	 <u>57,787</u>	 <u>111,662,281</u>
 Total Net Capital Assets	 <u>\$ 152,384,703</u>	 <u>\$ 3,446,349</u>	 <u>\$ 1,606,851</u>	 <u>\$ 154,224,201</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 983,716
Public Safety	646,237
Highway and Streets	2,997,813
Sanitation	623,374
Culture and Recreation	1,486,120
Community Development	<u>1,709,839</u>
	<u>\$ 8,447,099</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities

Business-type capital asset activity for the year was as follows:

Water	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 384,302	\$ -	\$ -	\$ 384,302
Construction in Progress	2,270,748	1,553,082	2,200,000	1,623,830
	<u>2,655,050</u>	<u>1,553,082</u>	<u>2,200,000</u>	<u>2,008,132</u>
Depreciable Capital Assets				
Buildings and Improvements	41,048,576	2,756,937	-	43,805,513
Vehicles and Equipment	2,010,166	567,277	155,340	2,422,103
	<u>43,058,742</u>	<u>3,324,214</u>	<u>155,340</u>	<u>46,227,616</u>
Less Accumulated Depreciation				
Buildings and Improvements	17,487,085	974,943	-	18,462,028
Vehicles and Equipment	1,388,725	203,383	155,340	1,436,768
	<u>18,875,810</u>	<u>1,178,326</u>	<u>155,340</u>	<u>19,898,796</u>
Total Net Depreciable Capital Assets	<u>24,182,932</u>	<u>2,145,888</u>	<u>-</u>	<u>26,328,820</u>
Total Net Capital Assets	<u>\$ 26,837,982</u>	<u>\$ 3,698,970</u>	<u>\$ 2,200,000</u>	<u>\$ 28,336,952</u>
Sewer				
Nondepreciable Capital Assets				
Construction in Progress	\$ 334,310	\$ 1,380,546	\$ 296,446	\$ 1,418,410
Depreciable Capital Assets				
Buildings and Improvements	19,208,465	349,200	-	19,557,665
Vehicles and Equipment	1,936,433	16,001	-	1,952,434
	<u>21,144,898</u>	<u>365,201</u>	<u>-</u>	<u>21,510,099</u>
Less Accumulated Depreciation				
Buildings and Improvements	9,672,482	521,717	-	10,194,199
Vehicles and Equipment	1,280,158	125,658	-	1,405,816
	<u>10,952,640</u>	<u>647,375</u>	<u>-</u>	<u>11,600,015</u>
Total Net Depreciable Capital Assets	<u>10,192,258</u>	<u>(282,174)</u>	<u>-</u>	<u>9,910,084</u>
Total Net Capital Assets	<u>\$ 10,526,568</u>	<u>\$ 1,098,372</u>	<u>\$ 296,446</u>	<u>\$ 11,328,494</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS – Continued

Business-Type Activities – Continued

Storm Water Management	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Construction in Progress	\$ 470,829	\$ 69,592	\$ 69,592	\$ 470,829
Depreciable Capital Assets				
Buildings and Improvements	349,147	-	-	349,147
Vehicles and Equipment	93,233	-	-	93,233
Infrastructure	37,925	-	-	37,925
	<u>480,305</u>	<u>-</u>	<u>-</u>	<u>480,305</u>
Less Accumulated Depreciation				
Buildings and Improvements	72,255	10,592	-	82,847
Vehicles and Equipment	2,418	1,201	-	3,619
Infrastructure	35,324	4,718	-	40,042
	<u>109,997</u>	<u>16,511</u>	<u>-</u>	<u>126,508</u>
Total Net Depreciable Capital Assets	<u>370,308</u>	<u>(16,511)</u>	<u>-</u>	<u>353,797</u>
Total Net Capital Assets	<u>\$ 841,137</u>	<u>\$ 53,081</u>	<u>\$ 69,592</u>	<u>\$ 824,626</u>
Total Business-Type Activities	<u>\$ 38,205,687</u>	<u>\$ 4,850,423</u>	<u>\$ 2,566,038</u>	<u>\$ 40,490,072</u>

Depreciation expense was charged to business-type as follows:

Water	\$ 1,178,326
Sewer	647,375
Storm Water Management	<u>16,511</u>
	<u>\$ 1,842,212</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

OPERATING LEASE RECEIVABLE

In January 2014, the Town entered into a lease agreement with Illinois State University whereby the Town agrees to lease to them building space. The term of the lease is \$1,900,000 for five years at a 4 percent interest rate. Rental payments are \$410,376 annually, with the first rental payment occurring in April 2015 for the period of March 2015 to February 2016. Future minimum lease principal payments receivable under leases in effect as of March 31, 2017 total \$1,138,832 and are scheduled to be collected as follows:

Fiscal Year	Principal Payment
2018	\$ 364,823
2019	379,416
2020	<u>394,593</u>
	<u>\$ 1,138,832</u>

The cost and accumulated depreciation of the building space under lease at March 31, 2017 is as follows:

Cost	\$ 2,764,841
Accumulated Depreciation	<u>(174,088)</u>
	<u>\$ 2,590,753</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Balances

Interfund balances are advances in anticipation of receipts to cover the timing of payments on behalf of another fund. The composition of interfund balances as of the date of this report, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental	Fire Station Capital Investment	\$ 101,332
Sewer	Nonmajor Business-Type	142,577
Police Pension	General	14,837
Firefighters' Pension	General	<u>13,312</u>
		<u>\$ 272,058</u>

Interfund Transfers

Interfund transfers for the year consisted of the following:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Debt Service	General	\$ 3,997,525 (2)
Debt Service	Uptown TIF	1,580,710 (2)
Debt Service	Nonmajor Governmental	69,266 (2)
Nonmajor Governmental	General	4,613,127 (3)
Nonmajor Governmental	Fire Station Capital Investment	<u>101,332 (1)</u>
		<u>\$ 10,361,960</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds currently outstanding are as follows:

Issue	Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Demand Bonds of 2007 (\$24,700,000), due in annual installments of \$245,000 to \$3,050,000, including interest at 4.25% to 4.75% through June 1, 2016.	Debt Service	\$ 19,132,568	\$ -	\$ 18,684,180 *	\$ -
				448,388	
	Water	1,545,743	-	1,509,518 *	-
	Sewer	1,936,689	-	36,225	-
General Obligation Demand Bonds of 2008 (\$10,000,000), due in annual installments of \$500,000 to \$1,500,000, including interest at 4.05% to 5.00% through June 1, 2018.	Debt Service	10,000,000	-	-	10,000,000
General Obligation Refunding Bonds of 2009 (\$9,490,000), due in annual installments of \$505,000 to \$1,000,000, including interest at 2.50% to 5.00% through June 1, 2023.	Debt Service	6,775,000	-	665,000	6,110,000
General Obligation Build America Bonds of 2009A (\$5,900,000), due in annual installments of \$500,000 to \$2,500,000, including interest at 6.00% through June 1, 2040.	Debt Service	5,900,000	-	-	5,900,000

*Refunded Amount

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Build America Bonds of 2010A (\$1,855,000), due in annual installments of \$905,000 to \$950,000, including interest at 6.30% through June 1, 2041.	Debt Service	\$ 1,855,000	\$ -	\$ -	\$ 1,855,000
General Obligation Refunding Bonds of 2012 (\$9,610,000), due in annual installments of \$100,000 to \$1,370,000, including interest at 2.00% to 3.00% through June 1, 2029.	Debt Service	9,610,000	-	-	9,610,000
General Obligation Refunding Bonds of 2013 (\$9,105,000), due in annual installments of \$240,000 to \$935,000, including interest at 3.00% to 4.25% through December 1, 2029.	Debt Service	5,697,397	-	290,917	5,406,480
	Water	2,232,734	-	114,006	2,118,728
	Sewer	784,869	-	40,077	744,792
General Obligation Demand Bonds of 2014 (\$9,155,000), due in annual installments of \$340,000 to \$670,000, including interest at 3.00% to 4.00% through June 1, 2034.	Debt Service	9,155,000	-	340,000	8,815,000
General Obligation Refunding Bonds of 2016A (\$8,740,000), due in annual installments of \$200,000 to \$1,000,000, including interest at 2.50% to 4.00% through June 1, 2035.	Debt Service	8,740,000	-	-	8,740,000

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

General Obligation Bonds – Continued

Issue	Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Demand Bonds of 2016B (\$8,835,000), due in annual installments of \$275,000 to \$2,310,000, including interest at 3.50% to 4.00% through June 1, 2041.	Debt Service	\$ 8,835,000	\$ -	\$ -	\$ 8,835,000
General Obligation Refunding Bonds of 2017A (\$13,015,000), due in annual installments of 305,000 to \$3,080,000, including interest at 3.00% to 4.00% through June 1, 2036.	Debt Service	-	13,015,000	-	13,015,000
General Obligation Refunding Bonds of 2017B (\$9,340,000), due in annual installments of \$895,000 to \$2,930,000, including interest at 4.00% through June 1, 2035.	Debt Service	-	5,939,179	-	5,939,179
	Water	-	1,509,519	-	1,509,519
	Sewer	-	1,891,302	-	1,891,302
		<u>\$ 92,200,000</u>	<u>\$ 22,355,000</u>	<u>\$ 24,065,000</u>	<u>\$ 90,490,000</u>

IEPA Revolving Loan

The Town has entered into an agreement with the IEPA to provide low interest financing for water improvements. IEPA revolving loan currently outstanding are as follows:

Issue	Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Filter Renovation Loan (\$1,049,125), due in semi-annual installments of \$26,900, non-interest bearing through June 30, 2030.	Water	\$ 780,117	\$ -	\$ 53,801	\$ 726,316

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

IEPA Revolving Loan – Continued

Issue	Debt Retired by	Beginning Balances	Issuances	Retirements	Ending Balances
IEPA Piping Modification Loan (\$2,037,577), due in semi-annual installments of \$39,453, non-interest bearing through November 7, 2030.	Water	\$ 1,183,582	\$ -	\$ 78,906	\$ 1,104,676
		<u>\$ 1,963,699</u>	<u>\$ -</u>	<u>\$ 132,707</u>	<u>\$ 1,830,992</u>

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances as Restated	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 2,025,492	\$ 445,146	\$ 222,573	\$ 2,248,065	\$ 334,073
Net Pension Liability					
IMRF	12,129,951	1,414,593	-	13,544,544	-
Police Pension	29,793,059	2,349,302	-	32,142,361	-
Firefighter's Pension	22,605,786	1,376,205	-	23,981,991	-
Net Other Post-Employment Benefit Obligation	13,933,839	2,305,070	-	16,238,909	-
General Obligation Bonds	85,699,965	18,954,179	20,428,485	84,225,659	1,986,692
Unamortized Bond Premium	3,618,410	559,832	527,487	3,650,755	-
Unamortized Bond Discount	-	(92,889)	(198)	(92,691)	-
	<u>\$ 169,806,502</u>	<u>\$ 27,311,438</u>	<u>\$ 21,178,347</u>	<u>\$ 175,939,593</u>	<u>\$ 2,320,765</u>
Business-Type Activities					
Compensated Absences	\$ 160,066	\$ 1,804	\$ 3,608	\$ 158,262	\$ 31,652
Net Pension Liability					
IMRF	2,805,862	305,108	-	3,110,970	-
Net Other Post-Employment Benefit Obligation	2,152,981	405,143	-	2,558,124	-
General Obligation Bonds	6,500,035	3,400,821	3,636,515	6,264,341	133,308
IEPA Revolving Loan	1,963,699	-	132,707	1,830,992	132,707
	<u>\$ 13,582,643</u>	<u>\$ 4,112,876</u>	<u>\$ 3,772,830</u>	<u>\$ 13,922,689</u>	<u>\$ 297,667</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity – Continued

For governmental activities, the General Fund makes payments on the compensated absences, the net pension liability, and the net other post-employment benefit obligation. The Debt Service Fund makes payments on the general obligation bonds.

For business-type activities, the Water Fund and Sewer Fund make payments on the compensated absences, the net pension liability, the net other post-employment benefit obligation, and the general obligation bonds. The Water Fund makes payments on the IEPA revolving loan.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	Governmental Activities		Business-Type Activities			
	General		General		IEPA	
	Obligation Bonds		Obligation Bonds		Revolving Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,986,692	\$ 3,122,286	\$ 133,308	\$ 211,444	\$ 132,707	\$ -
2019	2,016,899	3,233,509	83,101	246,744	132,707	-
2020	2,333,036	3,144,953	141,964	244,248	132,707	-
2021	2,712,261	3,045,317	162,739	238,572	132,707	-
2022	2,834,380	2,936,141	150,621	232,060	132,707	-
2023	2,928,410	2,825,465	176,589	226,037	132,707	-
2024	3,595,503	2,705,804	254,497	218,973	132,707	-
2025	3,473,384	2,579,757	266,616	208,793	132,707	-
2026	3,559,728	2,458,462	275,271	198,131	132,707	-
2027	3,679,341	2,330,233	285,659	187,119	132,707	-
2028	3,790,490	2,197,760	299,510	175,693	132,707	-
2029	3,900,103	2,060,977	309,897	162,963	132,707	-
2030	4,001,253	1,921,511	323,748	149,792	132,707	-
2031	3,760,000	1,772,994	-	136,033	105,801	-
2032	4,745,000	1,625,969	-	136,033	-	-
2033	4,529,118	1,456,237	325,882	129,516	-	-
2034	4,021,894	1,290,741	983,106	103,337	-	-
2035	3,815,020	1,136,166	1,024,980	63,174	-	-
2036	3,398,147	992,066	1,066,853	21,337	-	-
2037	4,230,000	842,290	-	-	-	-
2038	3,350,000	668,390	-	-	-	-
2039	3,500,000	489,827	-	-	-	-
2040	3,805,000	297,757	-	-	-	-
2041	1,950,000	142,325	-	-	-	-
2042	2,310,000	46,200	-	-	-	-
Totals	<u>\$ 84,225,659</u>	<u>\$ 45,323,137</u>	<u>\$ 6,264,341</u>	<u>\$ 3,289,999</u>	<u>\$ 1,830,992</u>	<u>\$ -</u>

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Legal Debt Margin

Article VII, Section 6(k) of the 1970 Illinois Constitution governs the computation of legal debt margin. “The General Assembly may limit by law the amount and require referendum approval of debt to the incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property...(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent: indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum...shall not be included in the foregoing percentage amounts.” To date the Illinois General Assembly has set no limits for home rule municipalities. The Town is a home rule municipality.

Conduit Debt Obligations

From time to time, the Town has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Town, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of March 31, 2017, there were two Series 2010 Solid Waste Disposal Revenue bonds outstanding with an aggregate principal amount payable of approximately \$3,332,000. There was also Series 2015 Economic Development Revenue bonds outstanding with an aggregate principal amount payable of approximately \$2,208,670.

Non-Commitment Debt

Special Service Area Bonds

Special service area bonds outstanding as of the date of this report totaled \$3,330,000. These bonds are not an obligation of the government and are secured by the levy of an annual tax on the real property within the special service area. The government is in no way liable for repayment but is only acting as agent for the property owners in levying and collecting the tax, and forwarding the collections to bondholders.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Defeased Debt

On March 15, 2017, the Town issued \$13,015,000 par value General Obligation Refunding Bonds of 2017A to refund \$12,515,000 of the General Obligation Demand Bonds of 2007 and \$9,340,000 General Obligation Refunding Bonds of 2017B to refund \$9,570,000 of the General Obligation Demand Bonds of 2007. The Town defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the Town reduced its total debt service by \$2,711,174 and obtained an economic gain of \$2,488,963.

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Restricted Fund Balance. This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified State and federal grants as being restricted because their use is restricted by granting agencies. The Town has classified certain debt proceeds as restricted due to their restrictions by creditors. The Town has also classified property taxes and various fees and fines as being restricted because their use is restricted by State laws and regulations.

Committed Fund Balance. This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal ordinance of the Town Council, the Town's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. The Town has classified Park Land Dedication fees as being committed because their use is formally committed by the Town Council.

Assigned Fund Balance. This classification includes amounts that are constrained by the Town's intent to use for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Town Council delegating this responsibility to another party through the budgetary process. The authority to assign fund balance has been delegated to the Finance Director. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

Unassigned Fund Balance. This classification includes the residual fund balance for the General Fund and includes the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts'

Minimum Fund Balance Policy. Management strategy for the General Fund balance is to maintain a target balance reserve equal to 15% of expenditures and transfers. This reserve is maintained to (1) establish a cushion of available cash during economic downturns, (2) provide working capital for paying bills in a timely manner, (3) finance cash flow needs and avoid short term borrowing during seasonal revenue streams and (4) provide for unanticipated needs or unexpected opportunities.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Debt Service	Capital Projects		Nonmajor	Totals
			Fire Station Capital Investment	Uptown TIF		
Fund Balances						
Nonspendable						
Prepays	\$ 94,617	\$ -	\$ -	\$ -	\$ -	\$ 94,617
Inventories	62,823	-	-	-	-	62,823
	<u>157,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,440</u>
Restricted						
TIF Development	-	-	-	-	231,820	231,820
Law Enforcement	-	-	-	-	89,290	89,290
Highways and Streets	-	-	-	-	3,903,211	3,903,211
Community Development	-	-	-	-	1,001	1,001
Debt Service	-	5,108,978	-	-	-	5,108,978
	<u>-</u>	<u>5,108,978</u>	<u>-</u>	<u>-</u>	<u>4,225,322</u>	<u>9,334,300</u>
Committed						
Recreation	-	-	-	-	58,453	58,453
Assigned						
Encumbrances	598,089	-	-	-	499,182	1,097,271
Debt Service	-	313,989	-	-	-	313,989
Highways and Streets	-	-	-	-	2,528,897	2,528,897
Capital Projects	-	-	9,020,115	-	2,078,043	11,098,158
	<u>598,089</u>	<u>313,989</u>	<u>9,020,115</u>	<u>-</u>	<u>5,106,122</u>	<u>15,038,315</u>
Unassigned	<u>27,192,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,192,425</u>
Total Fund Balances	<u>\$ 27,947,954</u>	<u>\$ 5,422,967</u>	<u>\$ 9,020,115</u>	<u>\$ -</u>	<u>\$ 9,389,897</u>	<u>\$ 51,780,933</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of March 31, 2017:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 154,224,201
Plus: Unamortized Loss on Refunding	1,410,340
Less Capital Related Debt:	
General Obligation Demand Bonds of 2008	(10,000,000)
General Obligation Refunding Bonds of 2009	(6,110,000)
General Obligation Build America Bonds of 2009A	(5,900,000)
General Obligation Recovery Zone Economic Development Bonds of 2010A	(1,855,000)
General Obligation Refunding Bonds of 2012	(9,610,000)
General Obligation Refunding Bonds of 2013	(5,406,480)
General Obligation Demand Bonds of 2014	(8,815,000)
General Obligation Refunding Bonds of 2016A	(8,740,000)
General Obligation Demand Bonds of 2016B	(8,835,000)
General Obligation Refunding Bonds of 2017A	(13,015,000)
General Obligation Refunding Bonds of 2017B	(5,939,179)
Unamortized Bond Premium	(3,650,755)
Unamortized Bond Discount	92,691
	<u>\$ 67,850,818</u>
Business-Type Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 40,490,072
Less Capital Related Debt:	
General Obligation Refunding Bonds of 2013	(2,863,520)
General Obligation Refunding Bonds of 2017B	(3,400,821)
IEPA Filter Renovation Loan	(726,316)
IEPA Piping Modification Loan	(1,104,676)
	<u>\$ 32,394,739</u>

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION/FUND BALANCE RESTATEMENTS

As of March 31, 2017, the Town has restated its financial statements for governmental activities. The Town has reclassified a Debt Service Fund to an Agency Fund and has corrected in error in accrued interest as previously recorded. In addition, beginning fund balance in several funds was restated to correct an error in recognition of receivables. The following is a summary of the fund balances as originally reported and as restated.

<u>Net Position/Fund Balance</u>	<u>As Reported</u>	<u>As Restated</u>	<u>Increase</u>
Governmental Activities	\$ 41,877,862	44,964,861	3,086,999
General	28,470,203	28,522,865	52,662
Motor Fuel Tax	3,922,586	4,021,777	99,191

NOTE 4 – OTHER INFORMATION

MAJOR CUSTOMERS

Charges for services in the Water Fund for the year ended March 31, 2017 included charges to Illinois State University for \$1,051,317, which accounted for more than 10 percent of the total charges for services in this fund.

Consumer's accounts receivable due from the Illinois State University was \$158,441 for the Water Fund as of March 31, 2017.

Charges for services in the Sewer Fund for the year ended March 31, 2017 included charges to Illinois State University for \$208,052, which accounted for more than 9 percent of the total charges for services in this fund.

Consumer's accounts receivable due from the Illinois State University was \$31,704 for the Sewer Fund as of March 31, 2017.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements

March 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT

Municipal Insurance Cooperative Agency

The Town is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets, errors, and omissions; injuries to employees; and natural disasters. During fiscal year 1986, the Town entered the Municipal Insurance Cooperative Agency (MICA). MICA is a public entity risk pool operating a common risk management and insurance program for its member governments. MICA provides coverage to its members with the following limits: \$400 million on property claims, \$15 million on general liability claims, and \$550,000 on crime claims. MICA provides coverage on workman's compensation claims on amounts in excess of \$750,000. MICA purchases commercial insurance for coverage in excess of the self-insured reserve (SIR) limits. Settled claims have not exceeded this coverage in any of the past three fiscal years. Premium payments to MICA are accounted for as current year expenditures/expenses in the General, Water, and Sewer Fund.

Health and Dental Insurance Fund

The Town is exposed to risks of loss related to illnesses of employees. The Town is self-insured for these risks. The Town accounts for the self-insured activities in the Health and Dental Insurance Fund (Fund), which is accounted for as an internal service fund. The Fund provides coverage up to a maximum \$150,000 per occurrence with no aggregate stop-loss limit and has supplemental per-occurrence coverage for all amounts over \$150,000 with a commercial carrier. The Town establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. A liability for a claim is established if information indicates that is probable a liability has been incurred and the amount of the loss is reasonably estimable. The amount of settlements has not exceeded this coverage in any of the past three fiscal years.

Changes in the balances of claims liabilities are as follows:

	<u>3/31/2017</u>	<u>3/31/2016</u>
Claims Payable - Beginning	\$ 311,841	\$ 308,554
Incurred Claims	5,705,047	4,974,744
Claims Paid	<u>(5,614,538)</u>	<u>(4,971,457)</u>
Claims Payable - Ending	<u>\$ 402,350</u>	<u>\$ 311,841</u>

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

CONTINGENT LIABILITIES

Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

Grants

In the normal course of operations, the Town receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Arbitrage

In accordance with the federal tax code, the Town calculates an estimated arbitrage rebate liability relating to the General Obligation Bonds. At March 31, 2017, no balance is reflected as a liability in the financial statements for future amounts that may be incurred.

COMMITMENTS

Operating Lease

The Town leases a police substation. The Town pays monthly installments of \$1,350 for the period from June 2012 through May 2013, \$1,360 monthly for the period from June 2013 through May 2014, and \$1,400 monthly for the period from June 2014 through May 2016. The lease matured on May 31, 2016 and was extended with an additional term commencing from June 1, 2016 and expiring on May 31, 2018. The monthly payments are \$1,400. The Town made lease payments of \$16,800 for the year ended March 31, 2017.

The Town is obligated under agreements to lease two Mitsubishi electric cars. The leases are effective for 36 months beginning June 30, 2015. The Town pays cumulative monthly installments of \$345. The Town made lease payments of \$4,143 for the year ended March 31, 2017.

The following is a schedule by years of future minimum rental payments required under the operating leases:

Fiscal Year	Rental Payments
2018	\$ 32,918
2019	<u>17,883</u>
	<u><u>50,801</u></u>

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

COMMITMENTS – Continued

Incentive Agreements

The Town of Normal has entered into various tax rebate agreements with local developers and corporations under municipal code. Under these agreements, the Town rebates a portion of sales and TIF taxes. For the fiscal year ended March 31, 2017, the Town rebated a total of \$1,554,717 in taxes under these agreements.

JOINT VENTURES

Connect Transit

The Town, together with the City of Bloomington (City), participates in the Connect Transit (Connect), whose purpose is to provide public transportation within the corporate limits of the two governmental entities. Connect engages in a wide variety of activities necessary for operation of a transit system. The governing board is divided between City and Town representatives and is funded primarily through federal and state governmental assistance. Other revenue sources include fares and contractual fees. Any deficits incurred by Connect are to be made up by the City and Town in accordance with a prescribed formula. In accordance with the joint governing agreement, the Town remitted \$833,215 to Connect during the year ended March 31, 2017. The Town has no equity interest nor does the Town materially contribute to the continued existence of Connect. The Town's interests are other than financial.

Connect's fiscal year end is June 30. Separate audited financial statements for Connect are available by contacting Mr. Andrew Johnson, General Manager, Connect Transit, 351 Wylie Drive, Normal, IL 61761.

Metcom Centralized Communications Center

The Town, together with McLean County (County), participates in the Metcom Centralized Communications Center (Center), whose purpose is to provide the means necessary and appropriate for the establishment, operation, and maintenance of a joint nonemergency police, fire, and other nonemergency services communication system for the mutual benefit of the members of the venture. The governing board is divided between County and Town representatives and is funded primarily through contributions from the members and other contractual fees for service provided to other governmental units. In accordance with the joint governing agreement, the Town remitted \$956,912 to the Center during the year ended March 31, 2017. The Town has no equity interest.

The Center's fiscal year end is December 31. Separate audited financial statements for the Center are available as part of the McLean County financial statements by contacting the Office of the County Administrator, P.O. Box 2400, Bloomington, IL 61702-2400.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS

The Town contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. A separate report is issued for the Police Pension Plan and Firefighters' Pension Plan and may be obtained by writing to the Town at 11 Uptown Circle, Normal, Illinois 61761-0589. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

Plan Administration. All employees (other than those covered by the Police and Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements

March 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	135
Inactive Plan Members Entitled to but not yet Receiving Benefits	88
Active Plan Members	<u>242</u>
Total	<u>465</u>

Contributions. As set by statute, the Town’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Town’s annual contribution rate for calendar year 2016 was 13.32% of covered payroll.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Net Pension Liability. The Town’s net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements

March 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50% and the discount rate in the prior valuation was 7.47%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Town	\$ 28,876,440	\$ 16,655,514	\$ 6,841,151
Library	2,562,253	1,577,067	607,026
Net Pension Liability	<u>\$ 31,438,693</u>	<u>\$ 18,232,581</u>	<u>\$ 7,448,177</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Liability (A) - (B)
Balances at December 31, 2015	\$ 87,202,350	\$ 70,842,008	\$ 16,360,342
Changes for the Year:			
Service Cost	1,671,046	-	1,671,046
Interest on the Total Pension Liability	6,435,676	-	6,435,676
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	2,592,693	-	2,592,693
Changes of Assumptions	(366,026)	-	(366,026)
Contributions - Employer	-	2,263,495	(2,263,495)
Contributions - Employees	-	777,162	(777,162)
Net Investment Income	-	4,834,820	(4,834,820)
Benefit Payments, including Refunds of Employee Contributions	(3,768,480)	(3,768,480)	-
Other (Net Transfer)	-	585,673	(585,673)
Net Changes	6,564,909	4,692,670	1,872,239
Balances at December 31, 2016	<u>\$ 93,767,259</u>	<u>\$ 75,534,678</u>	<u>\$ 18,232,581</u>
Town	\$ 85,643,951	\$ 68,988,437	\$ 16,655,514
Library	8,123,308	6,546,241	1,577,067
Totals	<u>\$ 93,767,259</u>	<u>\$ 75,534,678</u>	<u>\$ 18,232,581</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended March 31, 2017, the Town recognized pension expense of \$2,651,223 and the Library recognized pension expense of \$258,890. At March 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 2,382,288	\$ -	\$ 2,382,288
Change in Assumptions	80,272	(313,807)	(233,535)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,353,990	-	3,353,990
	<u>5,816,550</u>	<u>(313,807)</u>	<u>5,502,743</u>
Pension Contributions Made Subsequent to the Measurement Date	489,871	-	489,871
	<u>6,306,421</u>	<u>(313,807)</u>	<u>5,992,614</u>
Total Deferred Amounts Related to IMRF	<u>\$ 6,306,421</u>	<u>\$ (313,807)</u>	<u>\$ 5,992,614</u>
Town	\$ 5,765,491	\$ (288,238)	\$ 5,477,253
Library	540,930	(25,569)	515,361
	<u>6,306,421</u>	<u>(313,807)</u>	<u>5,992,614</u>
Totals	<u>\$ 6,306,421</u>	<u>\$ (313,807)</u>	<u>\$ 5,992,614</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources		Totals
	Town	Library	
2018	\$ 1,356,960	\$ 120,418	\$ 1,477,378
2019	1,356,972	120,406	1,477,378
2020	1,356,970	120,406	1,477,376
2021	445,948	39,568	485,516
2022	347,689	30,849	378,538
Thereafter	189,725	16,832	206,557
	<u>5,054,264</u>	<u>448,479</u>	<u>5,502,743</u>
Totals	<u>\$ 5,054,264</u>	<u>\$ 448,479</u>	<u>\$ 5,502,743</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan

Plan Descriptions

Plan Administration. The Police Pension Plan is a single-employer defined benefit pension plan that covers all sworn police personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The Town accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Town Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

Plan Membership. At March 31, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	51
Inactive Plan Members Entitled to but not yet Receiving Benefits	13
Active Plan Members	<u>81</u>
Total	<u><u>145</u></u>

Benefits Provided. The following is a summary of the Police Pension Plan as provided for in Illinois State Statutes.

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officer salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent of ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Town is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Town to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended March 31, 2017, the Town's contribution was 27.83% of covered payroll.

Concentrations. At year-end, the Town does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of March 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.75%
Salary Increases	4.80%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2000 Mortality set forward three years with Blue Collar Adjustments with mortality improvement projection to 2017 using Scale BB.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Fund contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Town calculated using the discount rate as well as what the Town's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 42,159,281	\$ 32,142,361	\$ 23,989,135

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) - (B)
Balances at March 31, 2016	\$ 61,399,006	\$ 31,605,948	\$ 29,793,058
Changes for the Year:			
Service Cost	1,217,972	-	1,217,972
Interest on the Total Pension Liability	4,136,299	-	4,136,299
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	2,601,327	-	2,601,327
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,765,843	(1,765,843)
Contributions - Employees	-	625,838	(625,838)
Net Investment Income	-	3,240,449	(3,240,449)
Benefit Payments, including Refunds of Employee Contributions	(2,721,386)	(2,721,386)	-
Administration Expense	-	(25,835)	25,835
Net Changes	5,234,212	2,884,909	2,349,303
Balances at March 31, 2017	\$ 66,633,218	\$ 34,490,857	\$ 32,142,361

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Police Pension Plan – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended March 31, 2017, the Town recognized pension expense of \$3,402,220. At March 31, 2017, the Town reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 1,183,313	\$ -	\$ 1,183,313
Change in Assumptions	1,638,746	-	1,638,746
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>529,214</u>	-	<u>529,214</u>
Total Deferred Amounts Related to Police Pension	<u>\$ 3,351,273</u>	<u>\$ -</u>	<u>\$ 3,351,273</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2018	\$ 769,450
2019	769,450
2020	769,451
2021	294,683
2022	518,455
Thereafter	<u>229,784</u>
Total	<u>\$ 3,351,273</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan

Plan Descriptions

Plan Administration. The Firefighters’ Pension Plan is a single-employer defined benefit pension plan that covers all sworn firefighter personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The Town accounts for the Fund as a pension trust fund. The Fund is governed by a five-member pension board. Two members of the Board are appointed by the Town Mayor, one member is elected by pension beneficiaries and two members are elected by active fire employees.

Plan Membership. At March 31, 2017, the measurement date, membership consisted of the following:

Inactive Plan Members Currently Receiving Benefits	42
Inactive Plan Members Entitled to but not yet Receiving Benefits	4
Active Plan Members	<u>64</u>
Total	<u><u>110</u></u>

Benefits Provided. The following is a summary of the Firefighters’ Pension Plan as provided for in Illinois State Statutes.

The Firefighters’ Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of ½ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements

March 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters' Pension Plan – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Covered employees hired on or after January 1, 2011 (Tier 2), attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for the pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3 percent compounded. The annual benefit shall be increased by 2.5 percent of such a salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., ½ percent for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3 percent or ½ of the change in the Consumer Price Index for the preceding calendar year.

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The Town is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the Town to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the year-ended March 31, 2017, the Town's contribution was 31.90% of covered payroll.

Concentrations. At year-end, the Town does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of March 31, 2017, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	6.75%
Salary Increases	4.80%
Cost of Living Adjustments	2.50%
Inflation	2.50%

Mortality rates were based on the RP-2000 Mortality set forward three years with Blue Collar Adjustments with mortality improvement projection to 2017 using Scale BB.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Fund contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the Town calculated using the discount rate as well as what the Town’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 31,415,878	\$ 23,981,991	\$ 17,851,372

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) - (B)
Balances at March 31, 2016	\$ 50,278,467	\$ 27,672,680	\$ 22,605,787
Changes for the Year:			
Service Cost	1,305,319	-	1,305,319
Interest on the Total Pension Liability	3,407,446	-	3,407,446
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	1,181,942	-	1,181,942
Changes of Assumptions	-	-	-
Contributions - Employer	-	1,584,522	(1,584,522)
Contributions - Employees	-	488,166	(488,166)
Net Investment Income	-	2,661,418	(2,661,418)
Benefit Payments, including Refunds of Employee Contributions	(2,242,855)	(2,235,194)	(7,661)
Administration Expense	-	(223,264)	223,264
Net Changes	3,651,852	2,275,648	1,376,204
Balances at March 31, 2017	\$ 53,930,319	\$ 29,948,328	\$ 23,981,991

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLANS – Continued

Firefighters’ Pension Plan – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended March 31, 2017, the Town recognized pension expense of \$2,699,262. At March 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ -	\$ (1,144,597)	\$ (1,144,597)
Change in Assumptions	1,256,849	-	1,256,849
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>718,476</u>	-	<u>718,476</u>
Total Deferred Amounts Related to Firefighters' Pension	<u>\$ 1,975,325</u>	<u>\$ (1,144,597)</u>	<u>\$ 830,728</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/(Inflows) of Resources
2018	\$ 292,243
2019	292,243
2020	292,243
2021	(114,777)
2022	10,869
Thereafter	<u>57,907</u>
Total	<u>\$ 830,728</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS

Plan Descriptions, Provisions, and Funding Policies

In addition to providing the pension benefits described, the Town provides post-employment health care insurance benefits (OPEB) for its eligible retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the Town and can be amended by the Town through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the Town's General Fund.

The Town provides for limited health care insurance coverage and benefits for its eligible retirees. The Town's Retiree Healthcare Program includes three retirement groups. Those qualifying are police in the Town of Normal hired prior to November 1, 2008, firefighters in the Town of Normal hired prior to April 1, 1998, and other employees hired prior to June 1, 2007.

All health care benefits are provided through the Town's health insurance plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the Town's plan becomes secondary.

Retirees are responsible for the full premium cost with the exception of the Town funding 90% of single portion coverage for qualifying, eligible sworn police personnel who retire in accordance with a collective bargaining agreement provision in effect until March 31, 2017. For the fiscal year ending March 31, 2017, retirees contributed \$508,175. Active employees contribute 100% to the plan before retirement.

At March 31, 2017, the membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	129
Active Employees	<u>176</u>
Total	<u>305</u>
Participating Employers	1

The above numbers include participants for the Normal Public Library discretely presented component unit. The Town does not currently have a funding policy.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Annual OPEB Costs and Net OPEB Obligation

The net OPEB obligation (NOPEBO) as of March 31, 2017, was calculated as follows:

Annual Required Contribution	\$ 3,961,350
Interest on the NOPEBO	546,657
Adjustment to the ARC	<u>(1,047,980)</u>
Annual OPEB Cost	3,460,027
Actual Contribution	<u>478,465</u>
Change in the NPO	2,981,562
NOPEBO - Beginning	<u>17,307,385</u>
NOPEBO - Ending	<u><u>\$ 20,288,947</u></u>
	Town \$ 18,797,033
	Normal Public Library <u>1,491,914</u>
	<u><u>\$ 20,288,947</u></u>

Trend Information

The Town’s annual OPEB cost, actual contributions, the percentage of annual OPEB cost contributed and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributions	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 3,090,313	\$ 403,414	13.05%	\$ 14,249,855
2016	3,518,443	460,913	13.10%	17,307,385
2017	3,460,027	478,465	13.83%	20,288,947

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 4 – OTHER INFORMATION – Continued

OTHER POST-EMPLOYMENT BENEFITS – Continued

Funded Status and Funding Progress

The funded status of the plan as of March 31, 2015 the most recent actuarial valuation, was as follows:

Actuarial Accrued Liability (AAL)	\$ 40,697,187
Actuarial Value of Plan Assets	\$ -
Unfunded Actuarial Accrued Liability (UAAL)	\$ 40,697,187
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll (Active Plan Members)	\$ 17,179,132
UAAL as a Percentage of Covered Payroll	236.90%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the March 31, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.25% investment rate of return (net of administrative expenses and including a 3.00% inflation assumption) and an annual healthcare cost trend rate of 7.30% to 4.30%, with an ultimate rate of 4.30%. The actuarial value of assets was not determined as the Town has not advanced its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at March 31, 2017, was 30 years.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 5 – DISCRETELY PRESENTED COMPONENT UNIT – NORMAL PUBLIC LIBRARY

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments – The Normal Public Library (Library) follows the investment policy of the Town and makes deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds.

Illinois Funds is an investment pool managed by the Illinois Public Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold.

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk

Deposits and Investments. At year-end, the carrying amount of the Library’s deposits totaled \$278,533 and the bank balances totaled \$278,483.

Investments. The Library has the following investment fair values and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	Greater Than 10
U.S. Agencies	\$ 2,601,488	\$ 238,749	\$ 2,362,739	\$ -	\$ -
Certificates of Deposit	1,224,138	239,681	984,457	-	-
IL Funds	28,107	28,107	-	-	-
	<u>\$ 3,853,733</u>	<u>\$ 506,537</u>	<u>\$ 3,347,196</u>	<u>\$ -</u>	<u>\$ -</u>

The Library has the following recurring fair value measurements as of March 31, 2017:

- U.S. Agencies of \$2,601,488 are valued using a matrix pricing model (Level 2 inputs)
- Certificates of Deposit of \$1,224,138 are valued using a matrix pricing model (Level 2 inputs)

Interest Rate Risk. The Library’s investment policy does not address interest rate risk. The average maturity for the Illinois Funds is less than one year.

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 5 – DISCRETELY PRESENTED COMPONENT UNIT – NORMAL PUBLIC LIBRARY – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Custodial Credit Risk and Concentration Risk – Continued

Credit Risk. The Library's investment policy does not address credit risk. At year-end, the Library's investments in U.S. Agencies are all rated AA+ by Standard & Poor's and the Library's investment in the Illinois Funds was rated AAAm by Standard & Poor's.

Custodial Credit Risk. To guard against credit risk for deposits, with financial institutions, the Library's investment policy requires that deposits with financial institutions in excess of FDIC limits be collateralized with collateral in an amount of 110 percent of the uninsured deposits with the collateral held by an independent third-party institution acting as the agent of the Library. At year-end, the Library's investment in the Illinois Funds is not subject to custodial credit risk. At year-end, all of the bank balance of the deposits was covered by federal depository or equivalent insurance, and represents cash at paying agent for debt service payments.

For an investment, the Library limits the exposure to credit risk for investments by limiting investments to securities in accordance with the respective policies, prequalifying institutions the Library will do business with, and diversifying the portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. At year-end, the Library's investments in U.S. Treasuries are all insured or registered with the Library or its agent in the Library's name and the Library's investment in the Illinois Fund is noncategorizable.

Concentration of Credit Risk. The Library's investment requires diversification of investment to avoid unreasonable risk. At year-end, the Library does not have any investments over 5 percent of the total cash and investment portfolio.

PROPERTY TAXES

Property taxes receivable represents the 2016 levy that is due and collectible in the 2017-2018 fiscal year. The 2016 levy was adopted in November 2016. Property taxes attach as an enforceable lien on the property as of January 1 and are due and collectible in June and September of the fiscal year following the 2016 tax levy. For the Library, these property taxes are not available for current year operations and are, therefore, shown as deferred inflows. No allowance is provided for uncollectible taxes, which is immaterial to the financial statements. The 2017 levy has not been recorded as a receivable in accordance with GASB Statement No. 33, Accounting for Nonexchange Transactions. While the levy attached as a lien as of January 1, 2017, the taxes will not be levied by the Library or extended by the County until December 2017; therefore, the amount is not measurable at March 31, 2017.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

**NOTE 5 – DISCRETELY PRESENTED COMPONENT UNIT – NORMAL PUBLIC LIBRARY
– Continued**

CAPITAL ASSETS

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 126,211	\$ -	\$ -	\$ 126,211
Depreciable Capital Assets				
Buildings and Improvements	2,827,448	111,688	-	2,939,136
Vehicles and Equipment	2,516,919	-	-	2,516,919
	<u>5,344,367</u>	<u>111,688</u>	<u>-</u>	<u>5,456,055</u>
Less Accumulated Depreciation				
Buildings and Improvements	1,666,826	93,234	-	1,760,060
Vehicles and Equipment	2,423,375	37,040	-	2,460,415
	<u>4,090,201</u>	<u>130,274</u>	<u>-</u>	<u>4,220,475</u>
Total Net Depreciable Capital Assets	<u>1,254,166</u>	<u>(18,586)</u>	<u>-</u>	<u>1,235,580</u>
Total Net Capital Assets	<u>\$ 1,380,377</u>	<u>\$ (18,586)</u>	<u>\$ -</u>	<u>\$ 1,361,791</u>

Depreciation expense was charged to the general government function.

LONG-TERM DEBT

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 94,444	\$ 40,330	\$ 20,165	\$ 114,609	\$ 22,922
Net Pension Liability					
IMRF	1,424,513	152,554	-	1,577,067	-
Net Other Post-Employment Benefit Obligation	<u>1,220,565</u>	<u>271,349</u>	<u>-</u>	<u>1,491,914</u>	<u>-</u>
	<u>\$ 2,645,078</u>	<u>\$ 423,903</u>	<u>\$ -</u>	<u>\$ 3,068,981</u>	<u>\$ -</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 5 – DISCRETELY PRESENTED COMPONENT UNIT – NORMAL PUBLIC LIBRARY
– Continued

FUND BALANCE RESTATEMENT

As of March 31, 2017, the Library has restated its fund balance. The Library has corrected in error in recording compensated absences. The following is a summary of the fund balances as originally reported and as restated.

Fund Balance	As Reported	As Restated	Increase
Library	\$ 3,633,565	3,728,009	94,444

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

The Library’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The Library’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Description

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

TOWN OF NORMAL, ILLINOIS

Notes to the Financial Statements March 31, 2017

NOTE 5 – DISCRETELY PRESENTED COMPONENT UNIT – NORMAL PUBLIC LIBRARY – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Benefits Provided – Continued. All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	11
Active Plan Members	<u>22</u>
Total	<u><u>33</u></u>

A detailed breakdown of IMRF membership is available in Note 4 in the Town's IMRF disclosures.

Contributions. As set by statute, the Library's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Library's annual contribution rate for calendar year 2016 was 13.07% of covered payroll.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

**NOTE 5 – DISCRETELY PRESENTED COMPONENT UNIT – NORMAL PUBLIC LIBRARY
– Continued**

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Net Pension Liability. The Library’s net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% to 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

**NOTE 5 – DISCRETELY PRESENTED COMPONENT UNIT – NORMAL PUBLIC LIBRARY
– Continued**

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50% and the discount rate in the prior valuation was 7.47%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 2,562,253	\$ 1,577,067	\$ 607,026

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

**NOTE 5 – DISCRETELY PRESENTED COMPONENT UNIT – NORMAL PUBLIC LIBRARY
– Continued**

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2015	\$ 7,595,040	\$ 6,171,692	\$ 1,423,348
Changes for the Year:			
Service Cost	136,190	-	136,190
Interest on the Total Pension Liability	526,231	-	526,231
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience of the Total Pension Liability	202,809	-	202,809
Changes of Assumptions	(29,831)	-	(29,831)
Contributions - Employer	-	184,475	(184,475)
Contributions - Employees	-	63,339	(63,339)
Net Investment Income	-	394,630	(394,630)
Benefit Payments, including Refunds of Employee Contributions	(307,131)	(307,131)	-
Other (Net Transfer)	-	39,236	(39,236)
Net Changes	<u>528,268</u>	<u>374,549</u>	<u>153,719</u>
Balances at December 31, 2016	<u>\$ 8,123,308</u>	<u>\$ 6,546,241</u>	<u>\$ 1,577,067</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

**NOTE 5 – DISCRETELY PRESENTED COMPONENT UNIT – NORMAL PUBLIC LIBRARY
– Continued**

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended March 31, 2017, the Library recognized pension expense of \$258,890. At March 31, 2017, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 194,156	\$ -	\$ 194,156
Change in Assumptions	6,542	(25,569)	(19,027)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	273,350	-	273,350
	474,048	(25,569)	448,479
Pension Contributions Made Subsequent to the Measurement Date	66,882	-	66,882
Total Deferred Amounts Related to IMRF	<u>\$ 540,930</u>	<u>\$ (25,569)</u>	<u>\$ 515,361</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2018	\$ 120,418
2019	120,406
2020	120,406
2021	39,568
2022	30,849
Thereafter	16,832
Totals	<u>\$ 448,479</u>

TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 5 – DISCRETELY PRESENTED COMPONENT UNIT – NORMAL PUBLIC LIBRARY
– Continued

SUMMARY FINANCIAL INFORMATION

The following is summary fund financial information for the Library for the fiscal year ended March 31, 2017, on a modified accrual basis reconciled to full accrual.

ASSETS

Cash and Investments	\$ 4,132,266
Receivables - Net of Allowances	
Property Taxes	3,903,800
Accrued Interest	10,777
Other	53,534
Due from Other Governments	<u>32,633</u>
 Total Assets	 <u><u>\$ 8,133,010</u></u>

LIABILITIES

Accounts Payable	\$ 88,228
Accrued Payroll	98,126
Other Payables	<u>32,454</u>
Total Liabilities	<u>218,808</u>

DEFERRED INFLOWS OF RESOURCES

Property Taxes	<u>3,903,800</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>4,122,608</u></u>

FUND BALANCES

Restricted - Library Development	546,364
Unrestricted	<u>3,464,038</u>
Total Fund Balances	<u><u>4,010,402</u></u>

Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 8,133,010</u></u>
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Reconciliation to the Statement of Net Position

Total Component Unit Fund Balance	\$ 4,010,402
Capital Assets	1,361,791
Deferred Outflows Related to the Pensions Liability - IMRF	540,930
Deferred Inflows Related to the Pensions Liability - IMRF	(25,569)
Compensated Absences Payable	(114,609)
Net Pension Liability - IMRF	(1,577,067)
Net Other Post-Employment Benefit Obligation	<u>(1,491,914)</u>

Total Net Position of Component Unit	<u><u>\$ 2,703,964</u></u>
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TOWN OF NORMAL, ILLINOIS

**Notes to the Financial Statements
March 31, 2017**

NOTE 5 – DISCRETELY PRESENTED COMPONENT UNIT – NORMAL PUBLIC LIBRARY
– Continued

SUMMARY FINANCIAL INFORMATION – Continued

Revenues	
Property Taxes	\$ 3,748,235
Other Taxes	136,066
Operating Grants and Contributions	1,000
Charges for Services	60,645
Investment Income	12,539
Miscellaneous	9,938
Total Revenues	<u>3,968,423</u>
Expenditures	
Current	
Culture and Recreation	<u>3,686,030</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 282,393</u>
Reconciliation to the Statement of Activities	
Net Change in Fund Balance	\$ 282,393
Capital Outlays	111,688
Depreciation Expense	(130,274)
Change in Deferred Items - IMRF	93,626
Additions to Compensated Absences	(20,165)
Additions to Net Pension Liability - IMRF	(152,554)
Additions to Net Other Post-Employment Benefit Obligation	<u>(271,349)</u>
Change in Net Position of Component Unit	<u>\$ (86,635)</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
Other Post-Employment Benefit Plan

- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
Police Pension Fund
Firefighters' Pension Fund

- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
Police Pension Fund
Firefighters' Pension Fund

- Schedule of Investment Returns
Police Pension Fund
Firefighters' Pension Fund

- Budgetary Comparison Schedule
General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

TOWN OF NORMAL, ILLINOIS

Other Post-Employment Benefit Plan

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
March 31, 2017**

Funding Progress

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (4) ÷ (5)
Mar. 31						
2012	\$ -	\$ 27,284,000	0.00%	\$ 27,284,000	\$ 18,014,398	151.46%
2013	-	36,658,000	0.00%	36,658,000	17,661,606	207.56%
2014	-	38,292,753	0.00%	38,292,753	17,179,132	222.90%
2015	-	40,697,187	0.00%	40,697,187	15,954,352	255.09%
2016	N/A	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A	N/A

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2012	\$ 263,156	\$ 2,597,496	10.13%
2013	272,264	2,634,628	10.33%
2014	333,652	3,128,902	10.66%
2015	403,414	3,090,313	13.05%
2016	460,913	3,916,602	11.77%
2017	478,465	3,961,350	12.08%

N/A - Not Available

The Town is required to have the actuarial valuation performed biannually.

TOWN OF NORMAL, ILLINOIS

Illinois Municipal Retirement Fund

Required Supplementary Information

Schedule of Employer Contributions

March 31, 2017

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	\$ 2,000,205	\$ 2,020,269	\$ 20,064	\$ 15,590,062	12.96%
2015	2,053,120	2,069,286	16,166	15,866,458	13.04%
2016	Town \$ 2,040,358	\$ 2,059,303	\$ 18,945	\$ 15,450,402	13.33%
	Library 181,044	205,862	24,818	1,575,074	13.07%
	<u>\$ 2,221,402</u>	<u>\$ 2,265,165</u>	<u>\$ 43,763</u>	<u>\$ 17,025,476</u>	<u>13.30%</u>

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	27 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2014 (base year 2012)

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

TOWN OF NORMAL, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
March 31, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 1,652,435	\$ 1,660,621	\$ 8,186	\$ 6,057,894	27.41%
2016	1,735,246	1,739,249	4,003	6,039,796	28.80%
2017	1,769,694	1,765,943	(3,751)	6,345,228	27.83%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	March 31, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	23 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	4.80%
Investment Rate of Return	6.75%
Mortality	RP-2000 Combined Mortality

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

TOWN OF NORMAL, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Employer Contributions
March 31, 2017**

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 1,378,339	\$ 1,386,559	\$ 8,220	\$ 4,673,927	29.67%
2016	1,524,439	1,528,405	3,966	4,811,685	31.76%
2017	1,586,880	1,584,522	(2,358)	4,967,003	31.90%

Notes to the Required Supplementary Information:

Actuarial Valuation Date	March 31, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	23 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	4.80%
Investment Rate of Return	6.75%
Mortality	RP-2000 Combined Mortality

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

TOWN OF NORMAL, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
March 31, 2017**

	<u>12/31/15</u> <u>Total</u>
Total Pension Liability	
Service Cost	\$ 1,695,572
Interest	6,108,482
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	223,364
Change of Assumptions	113,994
Benefit Payments, Including Refunds of Member Contributions	<u>(3,316,361)</u>
Net Change in Total Pension Liability	4,825,051
Total Pension Liability - Beginning	<u>82,474,263</u>
Total Pension Liability - Ending	<u>\$ 87,299,314</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 2,069,286
Contributions - Members	722,123
Net Investment Income	354,238
Benefit Payments, Including Refunds of Member Contributions	(3,316,361)
Administrative Expense	<u>(390)</u>
Net Change in Plan Fiduciary Net Position	(171,104)
Plan Net Position - Beginning	<u>71,110,092</u>
Plan Net Position - Ending	<u>\$ 70,938,988</u>
Employer's Net Pension Liability	<u>\$ 16,360,326</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.26%
Covered-Employee Payroll	\$ 15,866,458
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	103.11%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

12/31/16		
Town	Library	Totals
\$ 1,534,856	\$ 136,190	\$ 1,671,046
5,916,717	526,231	6,442,948
-	-	-
2,285,648	202,809	2,488,457
(336,195)	(29,831)	(366,026)
<u>(3,461,349)</u>	<u>(307,131)</u>	<u>(3,768,480)</u>
5,939,677	528,268	6,467,945
<u>79,704,274</u>	<u>7,595,040</u>	<u>87,299,314</u>
<u>\$ 85,643,951</u>	<u>\$ 8,123,308</u>	<u>\$ 93,767,259</u>
\$ 2,079,020	\$ 184,475	\$ 2,263,495
713,823	63,339	777,162
4,447,462	394,630	4,842,092
(3,461,349)	(307,131)	(3,768,480)
<u>442,185</u>	<u>39,236</u>	<u>481,421</u>
4,221,141	374,549	4,595,690
<u>64,767,296</u>	<u>6,171,692</u>	<u>70,938,988</u>
<u>\$ 68,988,437</u>	<u>\$ 6,546,241</u>	<u>\$ 75,534,678</u>
<u>\$ 16,655,514</u>	<u>\$ 1,577,067</u>	<u>\$ 18,232,581</u>
80.55%	80.59%	80.56%
\$ 15,610,997	\$ 1,385,189	\$ 16,996,186
106.69%	113.85%	107.27%

TOWN OF NORMAL, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability (In 1,000's)
March 31, 2017**

	3/31/15	3/31/16	3/31/17
Total Pension Liability			
Service Cost	\$ 1,161	\$ 1,274	\$ 1,218
Interest	3,912	3,913	4,136
Differences Between Expected and Actual Experience	-	-	-
Change of Assumptions	-	-	1,942
Effect of Liability Gains or Losses	201	850	659
Benefit Payments, Including Refunds of Member Contributions	(2,426)	(2,623)	(2,721)
Net Change in Total Pension Liability	2,848	3,414	5,234
Total Pension Liability - Beginning	55,137	57,985	61,399
Total Pension Liability - Ending	<u>\$ 57,985</u>	<u>\$ 61,399</u>	<u>\$ 66,633</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,661	\$ 1,739	\$ 1,766
Contributions - Members	580	602	626
Net Investment Income	1,690	(215)	3,240
Benefit Payments, Including Refunds of Member Contributions	(2,426)	(2,623)	(2,721)
Administrative Expense	(24)	(28)	(26)
Net Change in Plan Fiduciary Net Position	1,481	(525)	2,885
Plan Net Position - Beginning	30,650	32,131	31,606
Plan Net Position - Ending	<u>\$ 32,131</u>	<u>\$ 31,606</u>	<u>\$ 34,491</u>
Employer's Net Pension Liability	<u>\$ 25,854</u>	<u>\$ 29,793</u>	<u>\$ 32,142</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.41%	51.48%	51.76%
Covered-Employee Payroll	\$ 6,058	\$ 6,040	\$ 6,345
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	426.77%	493.26%	506.57%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

TOWN OF NORMAL, ILLINOIS

Firefighters' Pension Fund

Required Supplementary Information

Schedule of Changes in the Employer's Net Pension Liability (In 1,000's)

March 31, 2017

	3/31/15	3/31/16	3/31/17
Total Pension Liability			
Service Cost	\$ 1,262	\$ 1,274	\$ 1,305
Interest	3,192	3,324	3,399
Differences Between Expected and Actual Experience	-	-	-
Change of Assumptions	(452)	(1,219)	1,470
Effect of Liability Gains or Losses	-	-	(288)
Benefit Payments, Including Refunds of Member Contributions	(1,978)	(2,122)	(2,235)
Net Change in Total Pension Liability	2,024	1,257	3,651
Total Pension Liability - Beginning	46,998	49,022	50,279
Total Pension Liability - Ending	<u>\$ 49,022</u>	<u>\$ 50,279</u>	<u>\$ 53,930</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,387	\$ 1,528	\$ 1,585
Contributions - Members	442	463	488
Net Investment Income	1,493	(152)	2,661
Benefit Payments, Including Refunds of Member Contributions	(1,978)	(2,122)	(2,235)
Administrative Expense	(11)	(14)	(223)
Net Change in Plan Fiduciary Net Position	1,333	(297)	2,276
Plan Net Position - Beginning	26,637	27,970	27,673
Plan Net Position - Ending	<u>\$ 27,970</u>	<u>\$ 27,673</u>	<u>\$ 29,949</u>
Employer's Net Pension Liability	<u>\$ 21,052</u>	<u>\$ 22,606</u>	<u>\$ 23,981</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.06%	55.04%	55.53%
Covered-Employee Payroll	\$ 4,674	\$ 4,812	\$ 4,967
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	450.41%	469.78%	482.81%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

TOWN OF NORMAL, ILLINOIS

Police Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
March 31, 2017**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	8.52%
2016	1.57%
2017	12.23%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

TOWN OF NORMAL, ILLINOIS

Firefighters' Pension Fund

**Required Supplementary Information
Schedule of Investment Returns
March 31, 2017**

Fiscal Year	Annual Money- Weighted Rate of Return, Net of Investment Expense
2015	8.74%
2016	2.15%
2017	13.25%

Note:

This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

TOWN OF NORMAL, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual	Variance
	Original	Final		
Revenues				
Taxes	\$ 35,926,400	\$ 35,060,800	\$ 34,438,369	\$ (622,431)
Intergovernmental	16,804,100	15,568,500	15,354,199	(214,301)
Charges for Services	10,058,512	10,110,997	9,950,084	(160,913)
Licenses and Permits	655,500	733,950	771,948	37,998
Fines and Forfeitures	1,590,800	1,416,500	1,313,877	(102,623)
Investment Income	158,900	166,620	35,860	(130,760)
Miscellaneous	2,711,416	2,687,220	2,894,693	207,473
Total Revenues	67,905,628	65,744,587	64,759,030	(985,557)
Expenditures				
General Government	11,477,507	11,797,826	10,771,218	1,026,608
Public Safety	24,032,497	24,267,750	23,892,013	375,737
Highways and Streets	5,725,256	5,690,630	5,186,507	504,123
Sanitation	2,214,842	2,485,043	2,351,441	133,602
Culture and Recreation	9,438,224	9,258,154	8,872,755	385,399
Community Development	7,445,875	6,056,556	6,009,305	47,251
Total Expenditures	60,334,201	59,555,959	57,083,239	2,472,720
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,571,427	6,188,628	7,675,791	1,487,163
Other Financing Sources (Uses)				
Disposal of Capital Assets	47,000	202,325	359,950	157,625
Transfers Out	(7,680,851)	(8,617,089)	(8,610,652)	6,437
	(7,633,851)	(8,414,764)	(8,250,702)	164,062
Net Change in Fund Balance	\$ (62,424)	\$ (2,226,136)	(574,911)	\$ 1,651,225
Fund Balance - Beginning as Restated			28,522,865	
Fund Balance - Ending			\$ 27,947,954	

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
- Combining Statements – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Funds
- Budgetary Comparison Schedule – Internal Service Fund
- Combining Statements – Fiduciary Funds
- Budgetary Comparison Schedules – Fiduciary Funds
- Schedule of Changes in Assets and Liabilities – Agency Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than fiduciary funds or capital projects funds) that are legally restricted to expenditure for specified purposes.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for motor fuel tax allotments from the State and the spending of these funds on street improvements in the Town.

Community Development Fund

The Community Development Fund is used to account for the revenue and expenditures associated with the CDBG.

Federal Equitable Sharing Fund

The Federal Equitable Sharing Fund is used to account for the sharing of proceeds from federal forfeitures and their expenditures.

Park Land Dedication Fund

The Park Land Dedication Fund is used to account for the fees paid to the Town by residential developers in lieu of dedicating park land. The fund will be used to acquire additional park land and improvements for future year projects.

DEBT SERVICE FUND

Debt Service Funds is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CAPITAL PROJECTS FUNDS

Capital Projects Funds are created to account for all resources used for the acquisition of capital facilities by a governmental unit except those financed by Proprietary Funds.

Fire Station Capital Investment Fund

The Fire Station Capital Investment Fund is used to account for the revenues and expenditures related to construction of the fire station.

Uptown TIF Fund

The Uptown TIF Fund is used to account for revenues generated within the established TIF district and expenditures used to make principal and interest payments.

Capital Investment Fund

The Capital Investment Fund is used to account for the revenues and expenditures of various capital projects.

Hotel Development and Fire Station Fund

The Hotel Development and Fire Station Fund is used to account for the revenues and expenditures related to the contribution for a hotel and construction of a fire station.

Main and Osage TIF Fund

The Main and Osage TIF Fund is used to account for revenues generated within the established TIF district and the expenditures used for redevelopment agreements and infrastructure improvements along the Main Street corridor.

One Normal Plaza TIF Fund

The One Normal Plaza TIF Fund is used to account for revenues generated within the established TIF district and the expenditures used to develop the One Normal Plaza area.

Roadway Fund

The Roadway Fund is used to account for the revenues and expenditures related to public roadway projects/programs.

Northtown TIF Fund

The Northtown TIF Fund is used to account for the revenues generated within the established TIF district and the expenditures used to develop the Northtown Area.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

Water Fund

The Water Fund is used to account for the revenues and expenses related to operating and maintaining the Town's water system.

Sewer Fund

The Sewer Fund is used to account for the revenues and expenses related to operating and maintaining the Town's sanitary sewer system.

Storm Water Management Fund

The Storm Water Management Fund is used to account for the federally mandated storm water program.

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency of the City, to other departments or agencies or other governmental units, on a cost-reimbursement basis.

Health and Dental Insurance Fund

The Health and Dental Insurance Fund is used to account for the Town's self-insured health plan. The purpose of the fund is to pay medical claims of the Town's employees and certain retirees and their covered dependents, and to minimize the total cost of annual insurance to the Town. Medical claims exceeding \$150,000 per covered individual with aggregate limit are covered through a private insurance carrier. The Town records a liability for all estimated claims incurred but not reported as of year-end.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

TRUST AND AGENCY FUNDS

PENSION TRUST FUNDS

Police Pension Fund

The Police Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to employees on the police force at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

Firefighters' Pension Fund

The Firefighters' Pension Fund is used to account for the accumulation of resources to be used for retirement annuity payments to sworn officers of the fire department at appropriate amounts and times in the future. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

AGENCY FUND

SSA College Hills Bonds Fund

The SSA College Hills Bond Fund is used to account for the debt service payment supported by sales tax and property assessed on business located in The Shoppes at College Hills retail center. The Town is not financially responsible for the debt service on this bond issue.

TOWN OF NORMAL, ILLINOIS

General Fund

**Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual	Variance
	Original	Final		
Taxes				
Property Taxes	\$ 7,741,000	\$ 7,741,000	\$ 7,695,829	\$ (45,171)
Vehicle Use Tax	492,000	515,000	502,162	(12,838)
Food and Beverage Tax	2,538,000	2,574,000	2,513,018	(60,982)
Road and Bridge Tax	348,000	363,000	365,389	2,389
Utility Tax	4,633,000	4,298,200	4,186,122	(112,078)
Franchise Tax	1,148,800	1,250,000	1,152,454	(97,546)
Hotel/Motel Tax	1,276,000	1,287,300	1,269,262	(18,038)
Off Track Betting Tax	93,600	145,000	163,865	18,865
Foreign Fire Insurance Tax	40,000	46,000	45,163	(837)
Local Motor Fuel Tax	1,100,000	1,047,000	1,036,462	(10,538)
Local Sales Tax	15,674,000	15,007,300	14,757,849	(249,451)
Local Liquor Tax	842,000	787,000	750,794	(36,206)
	<u>35,926,400</u>	<u>35,060,800</u>	<u>34,438,369</u>	<u>(622,431)</u>
Intergovernmental				
State Sales Tax	9,280,000	8,717,800	8,592,633	(125,167)
State Income Tax	5,845,000	5,046,000	4,962,270	(83,730)
State Use Tax	1,190,000	1,275,000	1,294,389	19,389
State Replacement Tax	268,100	252,100	279,402	27,302
State and Federal Grants	221,000	277,600	225,505	(52,095)
	<u>16,804,100</u>	<u>15,568,500</u>	<u>15,354,199</u>	<u>(214,301)</u>
Charges for Services	<u>10,058,512</u>	<u>10,110,997</u>	<u>9,950,084</u>	<u>(160,913)</u>
Licenses and Permits	<u>655,500</u>	<u>733,950</u>	<u>771,948</u>	<u>37,998</u>
Fines and Fees	<u>1,590,800</u>	<u>1,416,500</u>	<u>1,313,877</u>	<u>(102,623)</u>
Investment Income	<u>158,900</u>	<u>166,620</u>	<u>35,860</u>	<u>(130,760)</u>
Miscellaneous	<u>2,711,416</u>	<u>2,687,220</u>	<u>2,894,693</u>	<u>207,473</u>
Total Revenues	<u>\$ 67,905,628</u>	<u>\$ 65,744,587</u>	<u>\$ 64,759,030</u>	<u>\$ (985,557)</u>

TOWN OF NORMAL, ILLINOIS

General Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual	Variance
	Original	Final		
General Government				
Mayor and Council	\$ 146,050	\$ 156,450	\$ 115,403	\$ 41,047
Administration	1,893,025	2,357,912	2,219,992	137,920
Town Clerk	327,398	311,943	297,139	14,804
Corporation Counsel	466,140	451,065	430,199	20,866
Boards and Commissions	29,825	29,725	21,819	7,906
Facility Management	2,393,205	2,383,745	1,881,416	502,329
Finance	2,056,298	2,071,941	2,043,455	28,486
Information Technology	2,752,583	2,563,745	2,413,781	149,964
Human Resources	525,955	583,867	502,175	81,692
Equipment Maintenance	887,028	887,433	845,839	41,594
Total General Government	11,477,507	11,797,826	10,771,218	1,026,608
Public Safety				
Police Department	13,150,624	13,177,794	12,930,917	246,877
Fire Department	9,319,649	9,487,098	9,491,767	(4,669)
Fire Prevention Department	229,939	219,341	215,857	3,484
Foreign Fire Tax	39,500	95,358	25,404	69,954
Inspection Department	1,292,785	1,288,159	1,228,068	60,091
Total Public Safety	24,032,497	24,267,750	23,892,013	375,737
Highways and Streets				
Public Works	4,628,280	4,580,599	4,098,428	482,171
Engineering Division	1,096,976	1,110,031	1,088,079	21,952
Total Highways and Streets	5,725,256	5,690,630	5,186,507	504,123
Sanitation				
Waste Department	2,214,842	2,485,043	2,351,441	133,602
Culture and Recreation				
Administration Division	1,475,570	1,304,631	1,263,176	41,455
Parks Division	3,448,900	3,449,966	3,339,050	110,916

TOWN OF NORMAL, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended March 31, 2017

	Budget		Actual	Variance
	Original	Final		
Culture and Recreation - Continued				
Recreation				
Before and After School Programs	\$ 451,761	\$ 449,130	\$ 401,120	\$ 48,010
Athletic Programs	252,668	259,290	243,976	15,314
Youth Programs	277,800	277,500	243,482	34,018
Teen Programs	162,010	138,013	119,536	18,477
Special Events	17,380	18,180	14,829	3,351
Aquatics	939,330	890,418	853,020	37,398
Softball Tournament	79,645	79,510	78,390	1,120
Community Activity Center	62,350	57,000	50,540	6,460
Normal Theater	316,555	332,987	323,519	9,468
Children's Discovery Museum	1,289,752	1,318,018	1,300,724	17,294
Golf Course	287,474	298,018	290,116	7,902
Golf Course Maintenance	377,029	385,493	351,277	34,216
Total Culture and Recreation	9,438,224	9,258,154	8,872,755	385,399
Community Development				
General Improvements Division	7,445,875	6,056,556	6,009,305	47,251
Total Expenditures	\$ 60,334,201	\$ 59,555,959	\$ 57,083,239	\$ 2,472,720

TOWN OF NORMAL, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual	Variance
	Original	Final		
Revenues				
Investment Income	\$ 1,880	\$ 677	\$ 626	\$ (51)
Miscellaneous	165,240	169,984	169,144	(840)
Total Revenues	167,120	170,661	169,770	(891)
Expenditures				
Debt Service				
Principal Payment	1,800,112	1,520,112	1,744,305	(224,193)
Interest and Fiscal Charges	3,216,553	3,635,665	3,637,484	(1,819)
Total Expenditures	5,016,665	5,155,777	5,381,789	(226,012)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,849,545)	(4,985,116)	(5,212,019)	(226,903)
Other Financing Sources (Uses)				
Debt Issuance	-	-	18,954,179	18,954,179
Premium on Debt Issuance	-	-	559,832	559,832
Discount on Debt Issuance	-	-	(92,889)	(92,889)
Payment to Escrow Agent	-	-	(19,167,497)	(19,167,497)
Transfers In	5,267,669	5,654,638	5,647,501	(7,137)
	5,267,669	5,654,638	5,901,126	246,488
Net Change in Fund Balance	\$ 418,124	\$ 669,522	689,107	\$ 19,585
Fund Balance - Beginning			4,733,860	
Fund Balance - Ending			\$ 5,422,967	

TOWN OF NORMAL, ILLINOIS

Debt Service Fund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual	Variance
	Original	Final		
Debt Service				
Principal Payment				
2007 Bond	\$ 224,194	\$ 224,194	\$ 448,388	\$ (224,194)
2009 Bond	665,000	665,000	665,000	-
2013 Refunding Bond	290,918	290,918	290,917	1
2014 Bond	340,000	340,000	340,000	-
2016B Bond	280,000	-	-	-
Total Principal Payment	1,800,112	1,520,112	1,744,305	(224,193)
Interest and Fiscal Charges				
2007 Bond	879,255	880,005	884,579	(4,574)
2008 Bond	463,626	463,626	463,625	1
2009 Bond	294,175	294,175	294,175	-
2009A Bond	354,750	354,750	354,750	-
2010A Bond	117,616	117,616	117,615	1
2012 Refunding Bond	238,975	238,975	238,975	-
2013 Refunding Bond	226,056	226,056	226,055	1
2014 Bond	351,350	351,350	351,350	-
2016A Refunding Bond	-	214,233	214,233	-
2016B Bond	290,750	241,249	240,499	750
2017A Refunding Bond	-	138,660	138,530	130
2017B Refunding Bond	-	114,970	113,098	1,872
Total Interest and Fiscal Charges	3,216,553	3,635,665	3,637,484	(1,819)
Total Expenditures	\$ 5,016,665	\$ 5,155,777	\$ 5,381,789	\$ (226,012)

TOWN OF NORMAL, ILLINOIS

Fire Station Capital Investment - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual	Variance
	Original	Final		
Revenues				
Investment Income	\$ -	\$ 21,350	\$ 36,691	\$ 15,341
Expenditures				
General Government	4,500,000	396,566	396,565	1
Public Safety	3,900,000	-	-	-
Total Expenditures	8,400,000	396,566	396,565	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,400,000)	(375,216)	(359,874)	15,342
Other Financing (Uses)				
Transfers Out	(1,500,000)	(101,332)	(101,332)	-
Net Change in Fund Balance	<u>\$ (9,900,000)</u>	<u>\$ (476,548)</u>	(461,206)	<u>\$ 15,342</u>
Fund Balance - Beginning			<u>9,481,321</u>	
Fund Balance - Ending			<u>\$ 9,020,115</u>	

TOWN OF NORMAL, ILLINOIS

Uptown TIF - Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual	Variance
	Original	Final		
Revenues				
Taxes				
Property Taxes	\$ 1,592,000	\$ 1,932,964	\$ 1,932,997	\$ 33
Investment Income	500	340	328	(12)
Total Revenues	<u>1,592,500</u>	<u>1,933,304</u>	<u>1,933,325</u>	<u>21</u>
Expenditures				
General Government	<u>137,369</u>	<u>356,800</u>	<u>355,582</u>	<u>1,218</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,455,131	1,576,504	1,577,743	1,239
Other Financing (Uses)				
Transfers Out	<u>(1,455,131)</u>	<u>(1,581,410)</u>	<u>(1,580,710)</u>	<u>700</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (4,906)</u>	<u>(2,967)</u>	<u>\$ 1,939</u>
Fund Balance - Beginning			<u>2,967</u>	
Fund Balance - Ending			<u>\$ -</u>	

TOWN OF NORMAL, ILLINOIS

Nonmajor Governmental Funds

**Combining Balance Sheet
March 31, 2017**

	Special Revenue			
	Motor Fuel Tax	Community Development	Fed Equitable Sharing	Park Land Dedication
ASSETS				
Cash and Investments	\$ 4,056,714	\$ 1,000	\$ 89,290	\$ 58,453
Receivables - Net of Allowances				
Property Taxes	-	-	-	-
Interest	4,966	-	-	-
Other	-	2,568	-	-
Due from Other Governments	96,240	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 4,157,920</u>	<u>\$ 3,568</u>	<u>\$ 89,290</u>	<u>\$ 58,453</u>
LIABILITIES				
Accounts Payable	\$ 254,709	\$ 2,567	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>254,709</u>	<u>2,567</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	3,903,211	1,001	89,290	-
Committed	-	-	-	58,453
Assigned	-	-	-	-
Total Fund Balances	<u>3,903,211</u>	<u>1,001</u>	<u>89,290</u>	<u>58,453</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,157,920</u>	<u>\$ 3,568</u>	<u>\$ 89,290</u>	<u>\$ 58,453</u>

Capital Projects						
Capital Investment	Hotel Dev. and Fire Station	Main and Osage TIF	One Normal Plaza	Roadway	Northtown TIF	Totals
\$ 830,533	\$ 2,275,230	\$ 162,645	\$ 69,175	\$ 2,547,122	\$ -	\$ 10,090,162
-	-	789,354	18,838	-	587	808,779
2,285	-	-	-	1,957	-	9,208
6,341	-	-	-	-	-	8,909
1,318,259	-	-	-	-	-	1,414,499
101,332	-	-	-	-	-	101,332
<u>\$ 2,258,750</u>	<u>\$ 2,275,230</u>	<u>\$ 951,999</u>	<u>\$ 88,013</u>	<u>\$ 2,549,079</u>	<u>\$ 587</u>	<u>\$ 12,432,889</u>
\$ 560,574	\$ 1,396,181	\$ -	\$ -	\$ 20,182	\$ -	\$ 2,234,213
-	-	789,354	18,838	-	587	808,779
560,574	1,396,181	789,354	18,838	20,182	587	3,042,992
-	-	162,645	69,175	-	-	4,225,322
-	-	-	-	-	-	58,453
1,698,176	879,049	-	-	2,528,897	-	5,106,122
1,698,176	879,049	162,645	69,175	2,528,897	-	9,389,897
<u>\$ 2,258,750</u>	<u>\$ 2,275,230</u>	<u>\$ 951,999</u>	<u>\$ 88,013</u>	<u>\$ 2,549,079</u>	<u>\$ 587</u>	<u>\$ 12,432,889</u>

TOWN OF NORMAL, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended March 31, 2017**

	Special Revenue			
	Motor Fuel Tax	Community Development	Fed Equitable Sharing	Park Land Dedication
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,387,401	636,381	59,767	-
Charges for Services	-	-	-	83,372
Investment Income	11,165	-	28	30
Miscellaneous	-	7,383	-	-
Total Revenues	1,398,566	643,764	59,795	83,402
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	-	-	60	-
Highway and Streets	1,447,866	-	-	-
Culture and Recreation	-	-	-	141,473
Community Development	-	643,765	-	-
Total Expenditures	1,447,866	643,765	60	141,473
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,300)	(1)	59,735	(58,071)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(69,266)	-	-	-
	(69,266)	-	-	-
Net Change in Fund Balances	(118,566)	(1)	59,735	(58,071)
Fund Balances - Beginning as Restated	4,021,777	1,002	29,555	116,524
Fund Balances - Ending	\$ 3,903,211	\$ 1,001	\$ 89,290	\$ 58,453

Capital Projects						
Capital Investment	Hotel Dev. and Fire Station	Main and Osage TIF	One Normal Plaza	Roadway	Northtown TIF	Totals
\$ -	\$ -	\$ 730,152	\$ 13,664	\$ -	\$ -	\$ 743,816
2,753,931	-	-	-	-	-	4,837,480
-	-	-	-	-	-	83,372
4,605	17,145	176	13	539	-	33,701
15,645	-	-	-	-	-	23,028
2,774,181	17,145	730,328	13,677	539	-	5,721,397
584,548	-	698,135	-	-	-	1,282,683
-	3,348,024	-	-	-	-	3,348,084
202,480	-	-	-	785,269	-	2,435,615
659,211	-	-	-	-	-	800,684
2,917,452	-	-	-	-	-	3,561,217
4,363,691	3,348,024	698,135	-	785,269	-	11,428,283
(1,589,510)	(3,330,879)	32,193	13,677	(784,730)	-	(5,706,886)
1,400,832	-	-	-	3,313,627	-	4,714,459
-	-	-	-	-	-	(69,266)
1,400,832	-	-	-	3,313,627	-	4,645,193
(188,678)	(3,330,879)	32,193	13,677	2,528,897	-	(1,061,693)
1,886,854	4,209,928	130,452	55,498	-	-	10,451,590
\$ 1,698,176	\$ 879,049	\$ 162,645	\$ 69,175	\$ 2,528,897	\$ -	\$ 9,389,897

TOWN OF NORMAL, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Motor Fuel Tax	
	Final Budget	Actual
Revenues		
Taxes	\$ -	\$ -
Intergovernmental	1,363,000	1,387,401
Charges for Services	-	-
Investment Income	20,800	11,165
Miscellaneous	-	-
Total Revenues	<u>1,383,800</u>	<u>1,398,566</u>
Expenditures		
Current		
General Government	-	-
Public Safety	-	-
Highway and Streets	1,430,318	1,447,866
Culture and Recreation	-	-
Community Development	-	-
Total Expenditures	<u>1,430,318</u>	<u>1,447,866</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(46,518)</u>	<u>(49,300)</u>
Other Financing Sources (Uses)		
Transfers In	-	-
Transfers Out	<u>(69,266)</u>	<u>(69,266)</u>
	<u>(69,266)</u>	<u>(69,266)</u>
Net Change in Fund Balances	<u>\$ (115,784)</u>	(118,566)
Fund Balances - Beginning as Restated		<u>4,021,777</u>
Fund Balances - Ending		<u>\$ 3,903,211</u>

Special Revenue					
Community Development		Fed Equitable Sharing		Park Land Dedication	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
847,412	636,381	60,000	59,767	-	-
-	-	-	-	83,375	83,372
-	-	25	28	40	30
7,100	7,383	-	-	-	-
854,512	643,764	60,025	59,795	83,415	83,402
-	-	-	-	-	-
-	-	10,000	60	-	-
-	-	-	-	-	-
-	-	-	-	141,473	141,473
858,012	643,765	-	-	-	-
858,012	643,765	10,000	60	141,473	141,473
(3,500)	(1)	50,025	59,735	(58,058)	(58,071)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (3,500)</u>	(1)	<u>\$ 50,025</u>	59,735	<u>\$ (58,058)</u>	(58,071)
	<u>1,002</u>		<u>29,555</u>		<u>116,524</u>
	<u>\$ 1,001</u>		<u>\$ 89,290</u>		<u>\$ 58,453</u>

TOWN OF NORMAL, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
For the Fiscal Year Ended March 31, 2017**

	Capital Investment		Hotel Dev. and Fire Station	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,965,795	2,753,931	-	-
Charges for Services	-	-	-	-
Investment Income	11,150	4,605	13,400	17,145
Miscellaneous	15,658	15,645	-	-
Total Revenues	<u>2,992,603</u>	<u>2,774,181</u>	<u>13,400</u>	<u>17,145</u>
Expenditures				
Current				
General Government	566,755	584,548	-	-
Public Safety	-	-	3,325,167	3,348,024
Highway and Streets	202,481	202,480	-	-
Culture and Recreation	681,493	659,211	-	-
Community Development	3,128,214	2,917,452	-	-
Total Expenditures	<u>4,578,943</u>	<u>4,363,691</u>	<u>3,325,167</u>	<u>3,348,024</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,586,340)</u>	<u>(1,589,510)</u>	<u>(3,311,767)</u>	<u>(3,330,879)</u>
Other Financing Sources (Uses)				
Transfers In	1,400,832	1,400,832	-	-
Transfers Out	-	-	-	-
	<u>1,400,832</u>	<u>1,400,832</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (185,508)</u>	<u>(188,678)</u>	<u>\$ (3,311,767)</u>	<u>(3,330,879)</u>
Fund Balances - Beginning		<u>1,886,854</u>		<u>4,209,928</u>
Fund Balances - Ending		<u>\$ 1,698,176</u>		<u>\$ 879,049</u>

Capital Projects					
Main and Osage TIF		One Normal Plaza		Roadway	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
\$ 730,152	\$ 730,152	\$ 13,663	\$ 13,664	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
165	176	6	13	460	539
-	-	-	-	-	-
<u>730,317</u>	<u>730,328</u>	<u>13,669</u>	<u>13,677</u>	<u>460</u>	<u>539</u>
860,769	698,135	69,167	-	-	-
-	-	-	-	-	-
-	-	-	-	781,980	785,269
-	-	-	-	-	-
-	-	-	-	-	-
<u>860,769</u>	<u>698,135</u>	<u>69,167</u>	<u>-</u>	<u>781,980</u>	<u>785,269</u>
(130,452)	32,193	(55,498)	13,677	(781,520)	(784,730)
-	-	-	-	3,313,627	3,313,627
-	-	-	-	-	-
-	-	-	-	<u>3,313,627</u>	<u>3,313,627</u>
<u>\$ (130,452)</u>	32,193	<u>\$ (55,498)</u>	13,677	<u>\$ 2,532,107</u>	2,528,897
	<u>130,452</u>		<u>55,498</u>		<u>-</u>
	<u>\$ 162,645</u>		<u>\$ 69,175</u>		<u>\$ 2,528,897</u>

TOWN OF NORMAL, ILLINOIS

Water - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual	Variance
	Original	Final		
Operating Revenues				
Charges for Services	\$ 9,846,650	\$ 9,504,050	\$ 9,745,802	\$ 241,752
Rental Income	42,345	52,345	60,539	8,194
Miscellaneous	105,060	112,860	119,187	6,327
Total Operating Revenues	<u>9,994,055</u>	<u>9,669,255</u>	<u>9,925,528</u>	<u>256,273</u>
Operating Expenses				
Operations				
Personal Services	3,276,035	3,219,852	3,516,435	(296,583)
Contractual Services	2,635,130	3,000,929	2,246,145	754,784
Supplies and Materials	5,436,575	5,734,708	1,479,913	4,254,795
Miscellaneous	500	501	(42,695)	43,196
Depreciation	-	-	1,178,326	(1,178,326)
Total Operating Expenses	<u>11,348,240</u>	<u>11,955,990</u>	<u>8,378,124</u>	<u>3,577,866</u>
Operating Income (Loss)	<u>(1,354,185)</u>	<u>(2,286,735)</u>	<u>1,547,404</u>	<u>3,834,139</u>
Nonoperating Revenues (Expenses)				
Investment Income	92,085	91,831	23,951	(67,880)
Disposal of Capital Assets	40,000	40,000	69,035	29,035
Principal Payment	(264,831)	(264,831)	-	264,831
Interest Expense and Fiscal Charges	(159,272)	(159,272)	(137,592)	21,680
	<u>(292,018)</u>	<u>(292,272)</u>	<u>(44,606)</u>	<u>247,666</u>
Income (Loss) Before Transfers	(1,646,203)	(2,579,007)	1,502,798	4,081,805
Transfers In	<u>389,943</u>	<u>390,774</u>	<u>-</u>	<u>(390,774)</u>
Change in Net Position	<u>\$ (1,256,260)</u>	<u>\$ (2,188,233)</u>	<u>1,502,798</u>	<u>\$ 3,691,031</u>
Net Position - Beginning			<u>28,733,056</u>	
Net Position - Ending			<u>\$ 30,235,854</u>	

TOWN OF NORMAL, ILLINOIS

Sewer - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual	Variance
	Original	Final		
Operating Revenues				
Charges for Services	\$ 2,147,000	\$ 2,168,200	\$ 2,290,524	\$ 122,324
Operating Expenses				
Operations				
Personal Services	1,152,926	1,108,116	1,256,453	(148,337)
Contractual Services	2,043,553	1,938,794	438,119	1,500,675
Supplies and Materials	132,171	134,896	114,196	20,700
Miscellaneous	73,637	37,322	35,739	1,583
Depreciation	-	-	647,374	(647,374)
Total Operating Expenses	3,402,287	3,219,128	2,491,881	727,247
Operating Income (Loss)	(1,255,287)	(1,050,928)	(201,357)	849,571
Nonoperating Revenues (Expenses)				
Investment Income	27,010	24,551	10,830	(13,721)
Principal Payment	(62,771)	(62,765)	-	62,765
Interest Expense and Fiscal Charges	(119,965)	(119,966)	(93,867)	26,099
	(155,726)	(158,180)	(83,037)	75,143
Income (Loss) Before Transfers	(1,411,013)	(1,209,108)	(284,394)	924,714
Transfers In	256,755	254,840	-	(254,840)
Change in Net Position	<u>\$ (1,154,258)</u>	<u>\$ (954,268)</u>	(284,394)	<u>\$ 669,874</u>
Net Position - Beginning			<u>9,352,192</u>	
Net Position - Ending			<u>\$ 9,067,798</u>	

TOWN OF NORMAL, ILLINOIS

Storm Water Management - Enterprise Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual	Variance
	Original	Final		
Operating Revenues				
Charges for Services	\$ 1,839,000	\$ 2,012,382	\$ 2,058,054	\$ 45,672
Operating Expenses				
Operations				
Contractual Services	2,562,872	1,696,641	1,761,114	(64,473)
Miscellaneous	11,000	11,000	-	11,000
Depreciation	-	-	16,511	(16,511)
Total Operating Expenses	<u>2,573,872</u>	<u>1,707,641</u>	<u>1,777,625</u>	<u>(69,984)</u>
Operating Income (Loss)	(734,872)	304,741	280,429	(24,312)
Nonoperating Revenues				
Investment Income	<u>36,000</u>	<u>36,000</u>	<u>7,832</u>	<u>(28,168)</u>
Income (Loss) Before Transfers	(698,872)	340,741	288,261	(52,480)
Transfers In	<u>64,746</u>	<u>60,874</u>	<u>-</u>	<u>(60,874)</u>
Change in Net Position	<u>\$ (634,126)</u>	<u>\$ 401,615</u>	288,261	<u>\$ (113,354)</u>
Net Position - Beginning			<u>4,112,895</u>	
Net Position - Ending			<u>\$ 4,401,156</u>	

TOWN OF NORMAL, ILLINOIS

Health and Dental Insurance - Internal Service Fund

**Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual	Variance
	Original	Final		
Operating Revenues				
Charges for Services	\$ 5,322,245	\$ 5,400,246	\$ 5,440,235	\$ 39,989
Miscellaneous	200,000	200,000	38,392	(161,608)
Total Operating Revenues	<u>5,522,245</u>	<u>5,600,246</u>	<u>5,478,627</u>	<u>(121,619)</u>
Operating Expenses				
Operations				
Personal Services	4,844,920	5,262,700	5,469,412	(206,712)
Contractual Services	454,907	467,630	457,370	10,260
Miscellaneous	242,620	228,350	235,635	(7,285)
Total Operating Expenses	<u>5,542,447</u>	<u>5,958,680</u>	<u>6,162,417</u>	<u>(203,737)</u>
Operating Income (Loss)	(20,202)	(358,434)	(683,790)	(325,356)
Nonoperating Revenues				
Investment Income	<u>30,000</u>	<u>21,700</u>	<u>30,321</u>	<u>30,321</u>
Change in Net Position	<u>\$ 9,798</u>	<u>\$ (336,734)</u>	<u>(653,469)</u>	<u>\$ (295,035)</u>
Net Position - Beginning			<u>2,316,227</u>	
Net Position - Ending			<u>\$ 1,662,758</u>	

TOWN OF NORMAL, ILLINOIS

Pension Trust Funds

**Combining Statement of Fiduciary Net Position
March 31, 2017**

	Police Pension	Firefighters' Pension	Totals
ASSETS			
Cash and Cash Equivalents	\$ 5,592,971	\$ 1,746,042	\$ 7,339,013
Investments			
U.S. Treasuries	629,553	2,839,268	3,468,821
U.S. Agencies	1,445,373	3,988,417	5,433,790
Corporate Bonds	3,311,661	2,300,522	5,612,183
Common Stock	-	995,381	995,381
Equities	4,201,768	-	4,201,768
Mutual Funds	19,159,042	18,014,460	37,173,502
Receivables - Net of Allowance			
Other	34,929	38,004	72,933
Accrued Interest	101,450	24,396	125,846
Due from Other Funds	14,837	13,313	28,150
			<hr/>
Total Assets	34,491,584	29,959,803	64,451,387
LIABILITIES			
Accounts Payable	727	11,475	12,202
			<hr/>
NET POSITION			
Net Position Restricted for Pensions	\$ 34,490,857	\$ 29,948,328	\$ 64,439,185

TOWN OF NORMAL, ILLINOIS

Pension Trust Funds

**Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended March 31, 2017**

	Police Pension	Firefighters' Pension	Totals
Additions			
Contributions - Employer	\$ 1,765,843	\$ 1,584,522	\$ 3,350,365
Contributions - Plan Members	625,838	488,166	1,114,004
Total Contributions	2,391,681	2,072,688	4,464,369
Investment Income			
Interest Earned	1,110,637	1,682,927	2,793,564
Net Change in Fair Value	2,174,447	1,020,924	3,195,371
	3,285,084	2,703,851	5,988,935
Less Investment Expenses	(44,635)	(42,433)	(87,068)
Net Investment Income	3,240,449	2,661,418	5,901,867
Total Additions	5,632,130	4,734,106	10,366,236
Deductions			
Administration	25,835	223,264	249,099
Benefits and Refunds	2,721,386	2,235,194	4,956,580
Total Deductions	2,747,221	2,458,458	5,205,679
Change in Fiduciary Net Position	2,884,909	2,275,648	5,160,557
Net Position Restricted for Pensions			
Beginning	31,605,948	27,672,680	59,278,628
Ending	\$ 34,490,857	\$ 29,948,328	\$ 64,439,185

TOWN OF NORMAL, ILLINOIS

Police Pension - Pension Trust Fund

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,775,800	\$ 1,769,800	\$ 1,765,843
Contributions - Plan Members	620,740	621,170	625,838
Total Contributions	<u>2,396,540</u>	<u>2,390,970</u>	<u>2,391,681</u>
Investment income			
Interest Earned	1,036,950	1,480,000	1,110,637
Net Change in Fair Value	-	-	2,174,447
	<u>1,036,950</u>	<u>1,480,000</u>	<u>3,285,084</u>
Less Investment Expenses	(49,960)	(46,500)	(44,635)
Net Investment Income	<u>986,990</u>	<u>1,433,500</u>	<u>3,240,449</u>
Total Additions	<u>3,383,530</u>	<u>3,824,470</u>	<u>5,632,130</u>
Deductions			
Administration	29,890	32,435	25,835
Benefits and Refunds	2,728,600	2,731,370	2,721,386
Total Deductions	<u>2,758,490</u>	<u>2,763,805</u>	<u>2,747,221</u>
Change in Fiduciary Net Position	<u>\$ 625,040</u>	<u>\$ 1,060,665</u>	2,884,909
Net Position Restricted for Pensions			
Beginning			<u>31,605,948</u>
Ending			<u>\$ 34,490,857</u>

TOWN OF NORMAL, ILLINOIS

Firefighters' Pension - Pension Trust Fund

**Schedule of Changes in Fiduciary Net Position - Budget and Actual
For the Fiscal Year Ended March 31, 2017**

	Budget		Actual
	Original	Final	
Additions			
Contributions - Employer	\$ 1,592,100	\$ 1,588,100	\$ 1,584,522
Contributions - Plan Members	478,120	491,950	488,166
Total Contributions	2,070,220	2,080,050	2,072,688
Investment income			
Interest Earned	954,390	1,300,000	1,682,927
Net Change in Fair Value	-	-	1,020,924
	954,390	1,300,000	2,703,851
Less Investment Expenses	(51,880)	(50,970)	(42,433)
Net Investment Income	902,510	1,249,030	2,661,418
Total Additions	2,972,730	3,329,080	4,734,106
Deductions			
Administration	19,843	56,590	223,264
Benefits and Refunds	2,210,940	2,235,050	2,235,194
Total Deductions	2,230,783	2,291,640	2,458,458
Change in Fiduciary Net Position	\$ 741,947	\$ 1,037,440	2,275,648
Net Position Restricted for Pensions			
Beginning			<u>27,672,680</u>
Ending			<u>\$ 29,948,328</u>

TOWN OF NORMAL, ILLINOIS

SSA College Hills Bond - Agency Fund

**Schedule of Changes in Assets and Liabilities
For the Fiscal Year Ended March 31, 2017**

	Beginning Balances	Additions	Deductions	Ending Balances
ASSETS				
Cash and Investments	\$ 1,047,880	\$ 964,241	\$ 1,047,880	\$ 964,241
Accounts Receivable	492,420	564,072	492,420	564,072
Total Assets	<u>\$ 1,540,300</u>	<u>\$ 1,528,313</u>	<u>\$ 1,540,300</u>	<u>\$ 1,528,313</u>
LIABILITIES				
Other Payables	\$ 492,420	\$ 564,072	\$ 492,420	\$ 564,072
Due to Bondholders	1,047,880	964,241	1,047,880	964,241
Total Liabilities	<u>\$ 1,540,300</u>	<u>\$ 1,528,313</u>	<u>\$ 1,540,300</u>	<u>\$ 1,528,313</u>

SUPPLEMENTAL SCHEDULES

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

General Obligation Bonds of 2008

March 31, 2017

Date of Issue	August 14, 2008
Date of Maturity	June 1, 2038
Authorized Issue	\$10,000,000
Denomination of Bonds	\$5,000
Interest Rates	4.05% - 5.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1
Payable at	U.S. Bank National Association, Indianapolis, IN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 500,000	\$ 450,375	\$ 950,375
2019	500,000	425,375	925,375
2020	500,000	402,750	902,750
2021	500,000	382,250	882,250
2022	500,000	361,250	861,250
2023	500,000	339,750	839,750
2024	500,000	317,875	817,875
2025	500,000	295,750	795,750
2026	500,000	273,375	773,375
2027	500,000	250,750	750,750
2028	500,000	227,874	727,874
2029	500,000	204,750	704,750
2030	500,000	181,125	681,125
2031	500,000	157,125	657,125
2032	500,000	133,125	633,125
2033	500,000	109,125	609,125
2034	500,000	85,125	585,125
2035	-	73,125	73,125
2036	-	73,125	73,125
2037	-	73,125	73,125
2038	-	73,125	73,125
2039	1,500,000	36,562	1,536,562
	<u>\$ 10,000,000</u>	<u>\$ 4,926,811</u>	<u>\$ 14,926,811</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2009

March 31, 2017

Date of Issue	July 30, 2009
Date of Maturity	June 1, 2023
Authorized Issue	\$9,490,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% - 5.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1
Payable at	U.S. Bank National Association, Indianapolis, IN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 685,000	\$ 263,000	\$ 948,000
2019	800,000	225,875	1,025,875
2020	850,000	184,625	1,034,625
2021	875,000	143,688	1,018,688
2022	900,000	101,500	1,001,500
2023	1,000,000	59,250	1,059,250
2024	1,000,000	19,750	1,019,750
	<u>\$ 6,110,000</u>	<u>\$ 997,688</u>	<u>\$ 7,107,688</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

**Taxable General Obligation Build America Bonds of 2009A
March 31, 2017**

Date of Issue	July 30, 2009
Date of Maturity	June 1, 2039
Authorized Issue	\$5,900,000
Denomination of Bonds	\$5,000
Interest Rates	6.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1
Payable at	U.S. Bank National Association, Indianapolis, IN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ -	\$ 354,000	\$ 354,000
2019	-	354,000	354,000
2020	-	354,000	354,000
2021	-	354,000	354,000
2022	-	354,000	354,000
2023	-	354,000	354,000
2024	-	354,000	354,000
2025	-	354,000	354,000
2026	-	354,000	354,000
2027	-	354,000	354,000
2028	-	354,000	354,000
2029	-	354,000	354,000
2030	-	354,000	354,000
2031	-	354,000	354,000
2032	-	354,000	354,000
2033	-	354,000	354,000
2034	-	354,000	354,000
2035	-	354,000	354,000
2036	-	354,000	354,000
2037	500,000	339,000	839,000
2038	2,500,000	249,000	2,749,000
2039	1,000,000	144,000	1,144,000
2040	1,900,000	57,000	1,957,000
	<u>\$ 5,900,000</u>	<u>\$ 7,515,000</u>	<u>\$ 13,415,000</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

**Taxable General Obligation Recovery Zone Economic Development Bonds of 2010A
March 31, 2017**

Date of Issue	December 16, 2010
Date of Maturity	June 1, 2040
Authorized Issue	\$1,855,000
Denomination of Bonds	\$5,000
Interest Rates	6.30%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1
Payable at	U.S. Bank National Association, Indianapolis, IN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ -	\$ 116,865	\$ 116,865
2019	-	116,865	116,865
2020	-	116,865	116,865
2021	-	116,865	116,865
2022	-	116,865	116,865
2023	-	116,865	116,865
2024	-	116,865	116,865
2025	-	116,865	116,865
2026	-	116,865	116,865
2027	-	116,865	116,865
2028	-	116,865	116,865
2029	-	116,865	116,865
2030	-	116,865	116,865
2031	-	116,865	116,865
2032	-	116,865	116,865
2033	-	116,865	116,865
2034	-	116,865	116,865
2035	-	116,865	116,865
2036	-	116,865	116,865
2037	-	116,865	116,865
2038	-	116,865	116,865
2039	-	116,865	116,865
2040	905,000	88,357	993,357
2041	950,000	29,925	979,925
	<u>\$ 1,855,000</u>	<u>\$ 2,689,312</u>	<u>\$ 4,544,312</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2012

March 31, 2017

Date of Issue	October 15, 2012
Date of Maturity	June 1, 2029
Authorized Issue	\$9,610,000
Denomination of Bonds	\$5,000
Interest Rates	2.00% - 3.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1
Payable at	U.S. Bank National Association, Indianapolis, IN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ -	\$ 238,225	\$ 238,225
2019	-	238,225	238,225
2020	100,000	237,225	337,225
2021	395,000	232,275	627,275
2022	470,000	223,625	693,625
2023	465,000	214,275	679,275
2024	460,000	205,025	665,025
2025	1,215,000	188,275	1,403,275
2026	1,235,000	160,687	1,395,687
2027	1,270,000	129,375	1,399,375
2028	1,300,000	97,250	1,397,250
2029	1,330,000	61,050	1,391,050
2030	1,370,000	20,550	1,390,550
	<u>\$ 9,610,000</u>	<u>\$ 2,246,062</u>	<u>\$ 11,856,062</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2013

March 31, 2017

Date of Issue	November 13, 2013
Date of Maturity	December 1, 2029
Authorized Issue	\$9,105,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% - 4.25%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	U.S. Bank National Association, Indianapolis, IN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 385,000	\$ 331,288	\$ 716,288
2019	240,000	319,740	559,740
2020	410,000	312,536	722,536
2021	470,000	296,138	766,138
2022	435,001	277,336	712,337
2023	509,999	259,938	769,937
2024	735,000	239,536	974,536
2025	770,000	210,136	980,136
2026	794,999	179,340	974,339
2027	825,000	147,538	972,538
2028	865,000	114,538	979,538
2029	895,000	77,776	972,776
2030	935,001	39,737	974,738
	<u>\$ 8,270,000</u>	<u>\$ 2,805,577</u>	<u>\$ 11,075,577</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

**General Obligation Demand Bonds of 2014
March 31, 2017**

Date of Issue	December 4, 2014
Date of Maturity	June 1, 2034
Authorized Issue	\$9,155,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1
Payable at	U.S. Bank National Association, Indianapolis, IN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 350,000	\$ 340,250	\$ 690,250
2019	360,000	329,600	689,600
2020	370,000	316,800	686,800
2021	385,000	301,700	686,700
2022	400,000	286,000	686,000
2023	415,000	269,700	684,700
2024	435,000	252,700	687,700
2025	450,000	235,000	685,000
2026	470,000	216,600	686,600
2027	490,000	197,400	687,400
2028	510,000	177,400	687,400
2029	530,000	156,600	686,600
2030	550,000	135,000	685,000
2031	570,000	112,600	682,600
2032	595,000	89,300	684,300
2033	620,000	65,000	685,000
2034	645,000	39,700	684,700
2035	670,000	13,400	683,400
	<u>\$ 8,815,000</u>	<u>\$ 3,534,750</u>	<u>\$ 12,349,750</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2016A

March 31, 2017

Date of Issue	March 24, 2016
Date of Maturity	June 1, 2035
Authorized Issue	\$8,740,000
Denomination of Bonds	\$5,000
Interest Rates	2.50% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1
Payable at	U.S. Bank National Association, Indianapolis, IN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 200,000	\$ 308,650	\$ 508,650
2019	200,000	303,650	503,650
2020	245,000	297,475	542,475
2021	250,000	290,050	540,050
2022	280,000	280,700	560,700
2023	215,000	270,800	485,800
2024	350,000	259,500	609,500
2025	350,000	245,500	595,500
2026	350,000	231,500	581,500
2027	350,000	217,500	567,500
2028	400,000	202,500	602,500
2029	400,000	188,500	588,500
2030	375,000	176,875	551,875
2031	375,000	165,625	540,625
2032	800,000	148,000	948,000
2033	800,000	120,000	920,000
2034	800,000	92,000	892,000
2035	1,000,000	60,000	1,060,000
2036	1,000,000	20,000	1,020,000
	<u>\$ 8,740,000</u>	<u>\$ 3,878,825</u>	<u>\$ 12,618,825</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

**General Obligation Demand Bonds of 2016B
March 31, 2017**

Date of Issue	March 24, 2016
Date of Maturity	June 1, 2041
Authorized Issue	\$8,835,000
Denomination of Bonds	\$5,000
Interest Rates	3.50% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1
Payable at	U.S. Bank National Association, Indianapolis, IN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ -	\$ 350,526	\$ 350,526
2019	-	350,524	350,524
2020	-	350,526	350,526
2021	-	350,524	350,524
2022	-	350,526	350,526
2023	-	350,524	350,524
2024	-	350,526	350,526
2025	-	350,524	350,524
2026	-	350,526	350,526
2027	-	350,524	350,524
2028	-	350,526	350,526
2029	-	350,524	350,524
2030	-	350,526	350,526
2031	275,000	345,712	620,712
2032	300,000	335,650	635,650
2033	300,000	324,400	624,400
2034	325,000	311,900	636,900
2035	325,000	298,900	623,900
2036	500,000	282,400	782,400
2037	650,000	259,400	909,400
2038	850,000	229,400	1,079,400
2039	1,000,000	192,400	1,192,400
2040	1,000,000	152,400	1,152,400
2041	1,000,000	112,400	1,112,400
2042	2,310,000	46,200	2,356,200
	<u>\$ 8,835,000</u>	<u>\$ 7,447,988</u>	<u>\$ 16,282,988</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2017A

March 31, 2017

Date of Issue	March 15, 2017
Date of Maturity	June 1, 2036
Authorized Issue	\$13,015,000
Denomination of Bonds	\$5,000
Interest Rates	3.00% - 4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	June 1
Payable at	U.S. Bank National Association, Indianapolis, IN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ -	\$ 314,880	\$ 314,880
2019	-	442,800	442,800
2020	-	442,800	442,800
2021	-	442,800	442,800
2022	-	442,800	442,800
2023	-	442,800	442,800
2024	370,000	435,400	805,400
2025	455,000	418,900	873,900
2026	485,000	400,100	885,100
2027	530,000	379,800	909,800
2028	515,000	358,900	873,900
2029	555,000	340,275	895,275
2030	595,000	323,025	918,025
2031	2,040,000	283,500	2,323,500
2032	2,550,000	211,462	2,761,462
2033	1,740,000	140,663	1,880,663
2034	35,000	110,687	145,687
2035	30,000	109,550	139,550
2036	35,000	108,413	143,413
2037	3,080,000	53,900	3,133,900
	<u>\$ 13,015,000</u>	<u>\$ 6,203,455</u>	<u>\$ 19,218,455</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

General Obligation Refunding Bonds of 2017B

March 31, 2017

Date of Issue	March 15, 2017
Date of Maturity	June 1, 2035
Authorized Issue	\$9,340,000
Denomination of Bonds	\$5,000
Interest Rate	4.00%
Interest Dates	June 1 and December 1
Principal Maturity Date	December 1
Payable at	U.S. Bank National Association, Indianapolis, IN

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ -	\$ 265,671	\$ 265,671
2019	-	373,599	373,599
2020	-	373,599	373,599
2021	-	373,599	373,599
2022	-	373,599	373,599
2023	-	373,600	373,600
2024	-	373,600	373,600
2025	-	373,600	373,600
2026	-	373,600	373,600
2027	-	373,600	373,600
2028	-	373,600	373,600
2029	-	373,600	373,600
2030	-	373,600	373,600
2031	-	373,600	373,600
2032	-	373,600	373,600
2033	895,000	355,700	1,250,700
2034	2,700,000	283,801	2,983,801
2035	2,815,000	173,500	2,988,500
2036	2,930,000	58,600	2,988,600
	<u>\$ 9,340,000</u>	<u>\$ 6,367,668</u>	<u>\$ 15,707,668</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

IEPA Filter Renovation Loan

March 31, 2017

Date of Issue	March 31, 2016
Date of Maturity	June 30, 2030
Authorized Issue	\$1,419,045
Interest Rate	Non-Interest Bearing
Principal Maturity Dates	June 30 and December 30
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 53,801	\$ -	\$ 53,801
2019	53,801	-	53,801
2020	53,801	-	53,801
2021	53,801	-	53,801
2022	53,801	-	53,801
2023	53,801	-	53,801
2024	53,801	-	53,801
2025	53,801	-	53,801
2026	53,801	-	53,801
2027	53,801	-	53,801
2028	53,801	-	53,801
2029	53,801	-	53,801
2030	53,801	-	53,801
2031	26,903	-	26,903
	<u>\$ 726,316</u>	<u>\$ -</u>	<u>\$ 726,316</u>

TOWN OF NORMAL, ILLINOIS

Long-Term Debt Requirements

**IEPA Piping Modification Loan
March 31, 2017**

Date of Issue	March 31, 2016
Date of Maturity	November 7, 2030
Authorized Issue	\$1,870,808
Interest Rate	Non-Interest Bearing
Principal Maturity Dates	May 7 and November 7
Payable at	Illinois Environmental Protection Agency

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	Totals
2018	\$ 78,906	\$ -	\$ 78,906
2019	78,906	-	78,906
2020	78,906	-	78,906
2021	78,906	-	78,906
2022	78,906	-	78,906
2023	78,906	-	78,906
2024	78,906	-	78,906
2025	78,906	-	78,906
2026	78,906	-	78,906
2027	78,906	-	78,906
2028	78,906	-	78,906
2029	78,906	-	78,906
2030	78,906	-	78,906
2031	78,898	-	78,898
	<u>\$ 1,104,676</u>	<u>\$ -</u>	<u>\$ 1,104,676</u>

STATISTICAL SECTION (Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Town's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

TOWN OF NORMAL, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*
March 31, 2017 (Unaudited)

	2008	2009	2010	2011
Governmental Activities				
Net Investment in Capital Assets	\$ 48,239,933	\$ 54,726,771	\$ 42,108,859	\$ 73,440,059
Restricted	21,409,198	7,454,535	7,839,461	7,104,521
Unrestricted	14,864,267	12,008,892	11,046,381	11,976,771
Total Governmental Activities				
Net Position	84,513,398	74,190,198	60,994,701	92,521,351
Business-Type Activities				
Net Investment in Capital Assets	18,969,682	33,756,507	43,300,053	22,150,440
Restricted	2,129,428	386,080	421,239	425,400
Unrestricted	3,904,917	3,239,775	4,551,063	7,233,312
Total Business-Type Activities				
Net Position	25,004,027	37,382,362	48,272,355	29,809,152
Primary Government				
Net Investment in Capital Assets	67,209,615	88,483,278	85,408,912	95,590,499
Restricted	23,538,626	7,840,615	8,260,700	7,529,921
Unrestricted	18,769,184	15,248,667	15,597,444	19,210,083
Total Primary Government				
Net Position	\$ 109,517,425	\$ 111,572,560	\$ 109,267,056	\$ 122,330,503

* Accrual Basis of Accounting

Data Source: Town Records

	2012	2013	2014	2015	2016	2017
\$	85,153,798	\$ 83,885,157	\$ 78,221,943	\$ 70,920,626	\$ 73,630,486	\$ 67,850,818
	10,306,135	8,080,907	9,193,223	9,862,236	7,679,593	8,410,228
	13,013,776	17,847,991	18,945,648	18,589,471	(39,432,217)	(35,405,169)
	108,473,709	109,814,055	106,360,814	99,372,333	41,877,862	40,855,877
	23,733,914	25,113,044	27,050,837	27,887,722	29,741,952	32,394,739
	418,829	404,346	424,084	560,910	474,124	344,752
	10,172,763	11,395,968	12,825,645	14,162,026	11,982,067	10,965,317
	34,325,506	36,913,358	40,300,566	42,610,658	42,198,143	43,704,808
	108,887,712	108,998,201	105,272,780	98,808,348	103,372,438	100,245,557
	10,724,964	8,485,253	9,617,307	10,423,146	8,153,717	8,754,980
	23,186,539	29,243,959	31,771,293	32,751,497	(27,450,150)	(24,439,852)
\$	142,799,215	\$ 146,727,413	\$ 146,661,380	\$ 141,982,991	\$ 84,076,005	\$ 84,560,685

TOWN OF NORMAL, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
March 31, 2017 (Unaudited)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
General Government	\$ 10,059,408	\$ 8,502,594	\$ 8,169,146	\$ 7,355,874	\$ 8,987,446	\$ 8,499,491	\$ 9,983,570	\$ 10,359,603	\$ 11,887,182	\$ 14,122,355
Public Safety	17,939,635	19,062,410	18,113,034	19,153,746	20,016,690	19,956,493	21,946,719	22,364,245	26,250,522	26,852,282
Highways and Streets	3,399,372	3,915,185	3,928,186	6,619,466	7,446,162	3,949,587	8,050,545	8,440,815	9,003,014	8,253,576
Sanitation	1,699,453	2,109,269	1,932,431	1,948,805	2,726,340	2,466,073	2,579,053	2,721,611	2,725,181	2,671,236
Culture and Recreation	7,166,480	8,027,254	8,131,327	8,251,206	9,154,801	9,943,768	10,685,144	10,206,287	10,328,476	10,431,679
Community Development	9,844,145	9,794,083	11,275,724	6,172,715	4,701,435	14,378,512	6,340,048	13,282,275	6,452,997	11,280,361
Interest on Long-Term Debt	2,947,012	2,828,095	3,768,699	3,732,190	3,858,824	3,838,297	3,588,490	3,610,209	3,877,430	3,186,421
Total Governmental Activities Expenses	53,055,505	54,238,890	55,318,547	53,234,002	56,891,698	63,032,221	63,173,569	70,985,045	70,434,802	76,797,910
Business-Type Activities										
Water	6,241,497	6,724,728	6,408,651	6,403,560	6,521,149	7,852,461	7,121,884	7,627,515	7,935,376	8,446,681
Sewer	1,907,194	2,051,822	2,109,445	2,107,287	2,228,001	2,618,653	2,484,103	2,689,987	2,575,247	2,585,748
Stormwater Management	929,183	756,745	866,756	923,885	1,004,695	1,467,640	1,994,661	1,250,849	1,773,732	1,777,625
Parking Deck	-	362,141	678,286	799,084	-	-	-	-	-	-
Total Business-Type Activities Expenses	9,077,874	9,895,436	10,063,138	10,233,816	9,753,845	11,938,754	11,600,648	11,568,351	12,284,355	12,810,054
Total Primary Government Expenses	\$ 62,133,379	\$ 64,134,326	\$ 65,381,685	\$ 63,467,818	\$ 66,645,543	\$ 74,970,975	\$ 74,774,217	\$ 82,553,396	\$ 82,719,157	\$ 89,607,964
Program Revenues										
Governmental Activities										
Charges for Services	\$ 5,412,194	\$ 1,845,413	\$ 1,979,443	\$ 1,379,607	\$ 1,514,423	\$ 1,618,041	\$ 1,151,929	\$ 1,923,673	\$ 2,244,032	\$ 1,958,133
General Government	3,237,294	2,736,829	4,347,213	4,614,115	4,397,882	4,161,434	4,514,911	4,178,465	4,184,624	4,078,241
Public Safety	-	-	-	542,800	-	-	-	-	-	-
Highways and Streets	731,903	1,055,501	1,060,965	1,069,742	1,393,221	1,594,871	1,672,774	1,686,015	2,482,524	2,499,868
Sanitation	3,443,877	3,391,840	3,530,992	3,662,811	3,842,122	3,741,664	3,996,700	3,689,341	3,767,178	3,632,887
Culture and Recreation	26,556	8,830	-	8,423	9,923	17,450	14,322	21,321	20,220	23,895
Community Development	508,720	266,887	132,655	507,634	157,198	445,459	803,190	737,380	172,736	784,697
Operating Grants/Contributions	2,954,527	3,250,480	2,262,433	8,621,608	17,543,406	6,770,979	2,098,261	4,463,707	4,749,292	4,208,757
Capital Grants/Contributions	16,315,071	12,555,780	13,313,701	20,406,740	28,858,175	18,349,898	14,252,087	16,699,902	17,620,606	17,186,478
Total Governmental Activities Program Revenues	62,227,977	63,707,513	71,954,420	86,009,196	89,108,897	97,399,826	10,202,610	9,667,620	9,521,232	9,925,528
Business-Type Activities										
Charges for Services	1,703,235	1,623,832	1,487,505	2,227,626	2,335,756	2,516,159	2,429,034	2,347,080	2,303,811	2,290,524
Water	1,788,827	1,743,074	1,776,360	1,818,482	1,798,971	1,811,106	1,845,039	1,850,981	1,878,343	2,058,054
Sewer	-	54,334	144,331	239,827	-	-	-	-	-	-
Stormwater Management	-	-	-	-	784,395	-	-	-	-	-
Parking Deck	-	-	-	-	-	-	-	-	-	-
Capital Grants/Contributions	9,720,039	9,791,753	10,603,616	12,895,131	13,830,019	14,067,091	14,476,683	13,865,681	13,703,386	14,274,106
Total Business-Type Activities Program Revenues	26,035,110	22,347,533	23,917,317	33,301,871	42,688,194	32,416,989	28,728,770	30,565,583	31,323,992	31,460,584
Total Primary Government Program Revenues	\$ 88,263,087	\$ 86,055,046	\$ 95,871,734	\$ 119,311,767	\$ 132,397,091	\$ 130,416,915	\$ 103,497,387	\$ 113,128,979	\$ 114,047,149	\$ 121,068,542

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense) Revenue										
Governmental Activities	\$ (36,740,434)	\$ (41,683,110)	\$ (42,004,846)	\$ (32,827,262)	\$ (28,033,523)	\$ (44,682,323)	\$ (48,921,482)	\$ (54,285,143)	\$ (52,814,196)	\$ (59,611,432)
Business-Type Activities	642,165	(103,683)	540,478	2,661,315	4,076,174	2,128,337	2,876,035	2,297,330	1,419,031	1,464,052
Total Primary Government Net (Expense) Revenue	\$ (36,098,269)	\$ (41,786,793)	\$ (41,464,368)	\$ (30,165,947)	\$ (23,957,349)	\$ (42,553,986)	\$ (46,045,447)	\$ (51,987,813)	\$ (51,395,165)	\$ (58,147,380)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes	\$ 5,999,807	\$ 5,606,944	\$ 5,824,820	\$ 6,394,398	\$ 6,424,316	\$ 6,427,235	\$ 8,263,883	\$ 9,465,249	\$ 9,891,268	\$ 10,372,642
Franchise Taxes	512,071	565,076	788,446	871,036	864,140	936,994	960,736	954,916	1,096,326	1,152,454
Sales Taxes	14,297,631	14,110,647	14,118,757	15,694,469	16,819,443	17,625,488	17,409,756	17,995,481	19,460,114	23,350,482
Other Taxes	14,586,607	17,090,750	16,516,828	16,857,369	16,454,583	17,708,468	16,383,273	16,274,801	17,738,722	17,368,298
Investment Income	2,369,310	744,803	410,837	274,979	158,778	165,002	185,233	(129,320)	382,685	137,527
Miscellaneous	33,109	2,561,541	1,219,190	2,357,875	3,264,621	2,746,385	3,173,471	2,609,760	3,601,910	3,121,045
Transfers	1,571,600	(11,821,171)	(10,072,129)	21,646,386	-	-	-	-	-	-
Gain on Sale of Assets	-	178,884	2,600	257,400	-	413,097	-	189,747	-	-
Total Governmental Activities General Revenues	\$ 39,370,135	\$ 29,037,474	\$ 28,809,349	\$ 64,353,912	\$ 43,985,881	\$ 46,022,669	\$ 46,376,352	\$ 47,360,634	\$ 52,171,025	\$ 55,502,448
Business-Type Activities										
Investment Income	370,052	63,056	6,189	20,286	22,909	24,971	57,814	(96,974)	(142,978)	42,613
Miscellaneous	1,135,731	597,791	271,202	501,581	417,272	434,544	453,359	109,736	165,585	-
Transfers	(1,571,600)	11,821,171	10,072,129	(21,646,386)	-	-	-	-	-	-
Total Business-Type Activities General Revenues	\$ (65,817)	\$ 12,482,018	\$ 10,349,520	\$ (21,124,519)	\$ 440,181	\$ 459,515	\$ 511,173	\$ 12,762	\$ 22,607	\$ 42,613
Total Primary Government General Revenues	\$ 39,304,318	\$ 41,519,492	\$ 39,158,869	\$ 43,229,393	\$ 44,426,062	\$ 46,482,184	\$ 46,887,525	\$ 47,373,396	\$ 52,193,632	\$ 55,545,061
Changes in Net Position										
Governmental Activities	\$ 2,629,701	\$ (12,645,636)	\$ (13,195,497)	\$ 31,526,650	\$ 15,952,358	\$ 1,340,346	\$ (2,545,130)	\$ (6,924,509)	\$ (643,171)	\$ (4,108,984)
Business-Type Activities	576,348	12,378,335	10,889,998	(18,463,204)	4,516,355	2,587,852	3,387,208	2,310,092	1,441,638	1,506,665
Total Primary Government Changes in Net Position	\$ 3,206,049	\$ (267,301)	\$ (2,305,499)	\$ 13,063,446	\$ 20,468,713	\$ 3,928,198	\$ 842,078	\$ (4,614,417)	\$ 798,467	\$ (2,602,319)

Data Source: Town Records

TOWN OF NORMAL, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years*
March 31, 2017 (Unaudited)

	2008	2009	2010	2011
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	381,619	292,669	264,025	187,725
Unreserved	12,612,293	12,682,037	12,387,613	16,281,414
Total General Fund	<u>12,993,912</u>	<u>12,974,706</u>	<u>12,651,638</u>	<u>16,469,139</u>
All Other Governmental Funds				
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Reserved	7,473,841	7,797,753	7,970,340	8,042,469
Unreserved, reported in:				
Special Revenue Funds	4,462,903	3,877,513	3,591,473	2,735,412
Capital Projects Funds	17,192,308	7,965,941	5,324,387	4,041,046
Debt Service Funds	466,789	641,517	859,618	901,612
Total All Other Governmental Funds	<u>29,595,841</u>	<u>20,282,724</u>	<u>17,745,818</u>	<u>15,720,539</u>
Total Governmental Funds	<u>\$ 42,589,753</u>	<u>\$ 33,257,430</u>	<u>\$ 30,397,456</u>	<u>\$ 32,189,678</u>

Note: GASB 54 was implemented in fiscal year 2012.

Data Source: Town Records

	2012	2013	2014	2015	2016	2017
\$	152,189	\$ 208,017	\$ 234,880	\$ 190,098	\$ 176,508	\$ 157,440
	91,680	831,966	346,650	227,814	578,426	598,089
	22,574,151	25,523,850	24,799,504	23,679,172	27,715,269	27,192,425
	-	-	-	-	-	-
	-	-	-	-	-	-
	22,818,020	26,563,833	25,381,034	24,097,084	28,470,203	27,947,954
	10,306,135	8,080,907	9,102,259	9,862,236	8,872,856	9,334,300
	201,258	165,113	261,162	136,620	116,524	58,453
	2,420,837	2,084,427	3,583,310	7,515,108	16,629,046	14,440,226
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	12,928,230	10,330,447	12,946,731	17,513,964	25,618,426	23,832,979
\$	35,746,250	\$ 36,894,280	\$ 38,327,765	\$ 41,611,048	\$ 54,088,629	\$ 51,780,933

TOWN OF NORMAL, ILLINOIS

**Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years*
March 31, 2017 (Unaudited)**

	2008	2009	2010	2011
Revenues				
Taxes	\$ 21,975,399	\$ 22,922,890	\$ 23,601,945	\$ 25,644,898
Intergovernmental	16,399,430	17,493,365	16,041,996	23,023,267
Charges for Services	6,084,253	6,911,776	6,939,681	7,474,571
Licenses and Permits	742,460	1,025,987	829,535	740,201
Fines and Forfeitures	1,436,704	1,163,839	2,047,053	2,212,900
Investment Income	2,404,955	666,474	195,456	134,007
Miscellaneous	2,097,455	2,289,328	2,268,371	2,355,154
Total Revenues	51,140,656	52,473,659	51,924,037	61,584,998
Expenditures				
Current				
General Government	6,851,731	7,230,603	7,099,957	7,066,800
Public Safety	17,615,105	17,799,704	18,288,085	19,031,377
Highways and Streets	8,213,482	10,291,019	7,756,907	7,911,175
Sanitation	2,032,857	1,777,436	1,599,855	1,903,112
Culture and Recreation	9,141,436	8,129,678	9,048,637	8,469,834
Community Development	25,806,528	24,961,488	13,326,138	13,444,262
Debt Service				
Principal Retirement	98,900	98,900	185,557	452,830
Interest and Fiscal Charges	2,699,563	2,956,833	3,660,236	3,778,205
Bond Issuance Cost	-	-	-	-
Total Expenditures	72,459,602	73,245,661	60,965,372	62,057,595
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,318,946)	(20,772,002)	(9,041,335)	(472,597)
Other Financing Sources (Uses)				
Transfers In	26,202,092	10,675,196	11,236,819	9,112,786
Transfers Out	(24,630,492)	(10,182,022)	(11,051,021)	(8,960,367)
Relocation of Debt Proceeds from Proprietary Funds	-	-	-	-
Issuance of Bonds, at par	-	10,000,000	15,390,000	1,855,000
Bond Premium	-	37,980	627,963	-
Payment to Refunded Bond Escrow Agent	-	-	(10,025,000)	-
Sale of Land	-	178,884	2,600	257,400
	1,571,600	10,710,038	6,181,361	2,264,819
Net Change in Fund Balances	\$ (19,747,346)	\$ (10,061,964)	\$ (2,859,974)	\$ 1,792,222
Debt Service as a Percentage of Noncapital Expenditures	18.80%	18.90%	11.07%	7.76%

Data Source: Town Records

	2012	2013	2014	2015	2016	2017
\$	27,244,476	\$ 28,325,999	\$ 28,222,332	\$ 29,336,687	\$ 32,238,710	\$ 37,115,182
	31,018,610	21,093,749	17,456,143	17,853,200	17,623,810	20,191,679
	8,193,774	8,437,364	9,005,675	8,728,291	9,808,953	10,033,456
	690,217	663,707	691,003	690,665	666,875	771,948
	1,984,195	1,806,754	1,994,749	1,686,863	1,699,349	1,313,877
	81,295	79,497	84,659	(243,707)	223,097	107,206
	3,247,888	3,087,228	2,653,001	2,867,511	3,462,436	3,086,865
	72,460,455	63,494,298	60,107,562	60,919,510	65,723,230	72,620,213
	7,582,362	8,196,949	8,781,933	9,662,047	10,768,342	12,806,048
	19,085,344	19,247,936	21,106,397	21,392,509	22,349,003	27,240,097
	5,764,536	6,167,381	6,516,734	8,074,343	7,565,761	7,622,122
	2,395,238	3,633,978	2,666,584	2,371,722	2,015,567	2,351,441
	8,110,034	8,495,480	9,615,958	9,513,333	9,357,159	9,673,439
	21,142,413	12,205,835	4,876,357	11,612,698	4,702,414	9,570,522
	1,165,132	1,249,432	1,518,283	1,560,296	2,041,359	1,744,305
	3,858,824	3,965,147	3,585,830	3,462,960	3,831,640	3,637,484
	-	-	153,155	115,379	110,855	-
	69,103,883	63,162,138	58,821,231	67,765,287	62,742,100	74,645,458
	3,356,572	332,160	1,286,331	(6,845,777)	2,981,130	(2,025,245)
	5,422,781	5,551,469	7,429,560	7,335,550	5,749,534	10,361,960
	(5,422,781)	(5,551,469)	(7,429,560)	(7,335,550)	(5,749,534)	(10,361,960)
	200,000	262,300	-	-	-	-
	-	9,610,000	5,952,359	9,155,000	17,575,000	18,954,179
	-	276,116	667,007	784,313	1,423,961	466,943
	-	(9,745,643)	(6,472,211)	-	(9,549,310)	(19,167,497)
	-	413,097	-	189,747	46,800	359,950
	200,000	815,870	147,155	10,129,060	9,496,451	613,575
\$	3,556,572	\$ 1,148,030	\$ 1,433,486	\$ 3,283,283	\$ 12,477,581	\$ (1,411,670)
	17.67%	12.54%	10.91%	9.49%	11.27%	8.49%

TOWN OF NORMAL, ILLINOIS

**Tax and Intergovernmental Tax Revenue by Source (1) - Last Ten Fiscal Years
March 31, 2017 (Unaudited)**

Fiscal Year	General Property Tax	Utility Tax	Local Sales Tax (1) (4)	Local Liquor Tax (2)	Road & Bridge Tax	Franchise Tax
2008	\$ 5,429,773	\$ 4,747,780	\$ 6,778,094	\$ 534,727	\$ 271,416	\$ 512,071
2009	5,606,944	5,029,490	6,620,996	567,623	294,958	565,076
2010	5,824,820	4,726,198	6,633,330	642,220	308,444	788,446
2011	6,394,398	4,864,840	7,983,052	727,433	323,826	871,036
2012	6,424,316	4,761,594	8,759,152	813,504	334,460	864,140
2013	6,427,235	4,859,239	9,043,019	862,416	337,712	936,994
2014	6,259,932	4,842,617	8,903,125	846,393	342,222	960,736
2015	7,339,128	4,629,133	9,104,808	807,599	343,508	954,916
2016	7,584,482	4,414,624	10,585,588	772,256	357,869	1,096,326
2017	7,695,829	4,186,122	14,757,849	750,794	365,389	1,152,454

(1) The local sales tax rate increased from 1.25% to 1.50% in fiscal year 2010-11.

(2) The 4% liquor tax went into effect on April 1, 1994.

(3) The 2% Food and Beverage tax was effective January 1, 2003.

(4) The local sales tax increased from 1.50% to 2.50% in fiscal year 2015-16.

Data Source: Town Records

State Income Tax	Sales Tax	Replacement Tax	Motor Fuel Tax	Hotel/ Motel Tax	Food & Beverage Tax (3)	Totals
\$ 4,597,490	\$ 7,519,537	\$ 302,626	\$ 1,465,449	\$ 867,636	\$ 1,580,434	\$ 34,607,033
4,603,029	7,489,651	272,799	1,367,049	813,640	1,690,120	34,921,375
4,012,410	7,485,427	238,938	1,305,032	852,464	1,758,960	34,576,689
3,938,798	7,711,417	266,921	1,817,795	997,615	1,914,308	37,811,439
4,258,208	8,060,291	233,308	1,553,651	1,193,918	2,052,862	39,309,404
4,731,057	8,582,469	226,312	1,521,521	1,343,890	2,122,942	40,994,806
5,115,630	8,506,631	253,798	1,583,240	1,332,650	2,155,633	41,102,607
5,141,273	8,890,673	261,139	1,787,560	1,132,974	2,272,666	42,665,377
5,594,733	8,874,526	266,620	1,346,810	1,228,655	2,490,778	44,613,267
6,256,659	8,592,633	279,402	1,036,462	1,269,262	2,513,018	48,855,873

TOWN OF NORMAL, ILLINOIS

**Taxable Sales by Category - Last Ten Fiscal Years
March 31, 2017 (Unaudited)**

Category	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Merchandise	28%	29%	29%	29%	25%	27%	26%	34.08%	33.08%	26.49%
Food	19%	20%	22%	23%	24%	24%	25%	24.49%	23.95%	30.96%
Drugs	10%	10%	11%	10%	10%	10%	10%	10.29%	11.12%	11.06%
Automobiles	19%	19%	17%	16%	16%	18%	18%	10.02%	9.87%	10.17%
Durable Goods	14%	16%	16%	13%	13%	12%	12%	12.13%	12.85%	13.33%
Other	10%	6%	5%	9%	12%	9%	9%	8.99%	9.13%	7.99%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Data Source: State of Illinois Department of Revenue

The local sales tax rate increased from 1.25% to 1.5% in fiscal year 2010-11.

The local sales tax rate increased from 1.50% to 2.50% in fiscal year 2015-16.

TOWN OF NORMAL, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years
March 31, 2017 (Unaudited)**

Fiscal Year	Tax Levy Year	Residential Property	Farm	Commercial Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008	2007	\$ 511,807	\$ 659	\$ 238,834	\$ 751,300	0.7490
2009	2008	531,755	495	252,270	784,520	0.7429
2010	2009	552,321	289	262,157	814,767	0.7848
2011	2010	557,589	375	264,178	822,142	0.7826
2012	2011	563,420	562	266,468	830,450	0.7749
2013	2012	553,483	529	267,674	821,686	0.7627
2014	2013	552,803	541	266,659	820,003	0.8943
2015	2014	562,248	820	265,494	828,562	0.9158
2016	2015	570,704	839	296,319	867,862	0.9250
2017	2016	589,688	895	307,229	897,812	0.9589

Data Source: McLean County Treasurer's Office

*Tax Rates are per \$100 of assessed value.

TOWN OF NORMAL, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
March 31, 2017 (Unaudited)**

	2007	2008	2009
Town Direct Rates			
General	0.2130	0.2040	0.1964
IMRF	0.1078	0.1084	0.1488
Fire Pension	0.1444	0.1510	0.1478
Police Pension	0.1680	0.1632	0.1589
Social Security	0.1158	0.1164	0.1329
Total Direct Rates	0.7490	0.7430	0.7848
Overlapping Rates			
Town Library	0.3391	0.3507	0.3645
McLean County	0.9010	0.8966	0.9069
Normal Township	0.1486	0.1493	0.1514
Normal Road District	0.0809	0.0812	0.0823
Bloomington-Normal Water Reclamation District	0.1587	0.1604	0.1648
Bloomington-Normal Airport Authority	0.1078	0.1101	0.0855
Unit 5 School District	4.5325	4.5893	4.6929
Heartland Community College	0.4442	0.4547	0.4591
Total Overlapping Rates	6.7128	6.7923	6.9074

Data Source: McLean County Treasurer's Office

2010	2011	2012	2013	2014	2015	2016
0.1946	0.1927	0.1389	0.1951	0.1931	0.1912	0.1855
0.1484	0.1686	0.1886	0.1949	0.1897	0.1910	0.1836
0.1541	0.1187	0.1284	0.1631	0.1783	0.1838	0.1994
0.1584	0.1621	0.1644	0.1954	0.2029	0.2048	0.2343
0.1271	0.1328	0.1424	0.1459	0.1518	0.1543	0.1561
0.7826	0.7749	0.7627	0.8943	0.9158	0.9250	0.9589
0.3951	0.4148	0.4397	0.4465	0.4419	0.4505	0.4526
0.9167	0.9157	0.9117	0.9038	0.9013	0.9184	0.9140
0.1581	0.1650	0.1669	0.2230	0.2280	0.2279	0.2308
0.0859	0.0897	0.0907	0.0910	0.0935	0.0957	0.0957
0.1639	0.1639	0.1640	0.1701	0.1722	0.1745	0.1793
0.0986	0.1549	0.1275	0.1273	0.1366	0.1357	0.1244
4.7638	4.7350	4.8841	5.0070	5.0271	5.0583	5.0147
0.4736	0.4758	0.4826	0.5067	0.5047	0.5405	0.5884
7.0557	7.1148	7.2672	7.4754	7.5053	7.6015	7.5999

TOWN OF NORMAL, ILLINOIS

**Principal Property Tax Payers - Current Fiscal Year and Nine Fiscal Years Ago
March 31, 2017 (Unaudited)**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
SH The Flats Normal, LLC	\$ 7,911,461	1	0.92%	\$		
Wal-Mart Supercenter	7,868,330	2	0.91%	7,279,775	2	0.97%
MCP Uptown Owner	6,656,000	3	0.77%			
Main Street Apartments	6,351,788	4	0.74%	3,777,874	6	0.50%
Mitsubishi Motor Manu	5,916,075	5	0.69%	7,470,795	1	0.99%
Meijer	5,582,054	6	0.65%	5,510,027	4	0.73%
Marriott Hotel	5,019,609	7	0.58%			
College Hills Mall(Incl Anchor)	4,712,821	8	0.55%	6,819,544	3	0.91%
Factr Properties	4,570,776	9	0.53%			
Snyder Corporation	4,242,452	10	0.49%			
Ironwood Garden Apartments				3,916,105	5	0.52%
College Station Apartments				3,571,691	7	0.48%
Menards				3,421,881	8	0.46%
Heartland Ridge				3,199,422	9	0.43%
Normal Leased Housing				3,052,700	10	0.41%
	<u>\$ 58,831,366</u>		<u>6.82%</u>	<u>\$ 48,019,814</u>		<u>6.39%</u>

Data Source: McLean County Treasurer's Office

TOWN OF NORMAL, ILLINOIS

**Property Tax Levies and Collections - Last Ten Fiscal Years
March 31, 2017 (Unaudited)**

Fiscal Year	Tax Levy Year	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	2007	\$ 7,798,000	\$ 7,791,401	99.92%	\$ 253	\$ 7,791,654	99.92%
2009	2008	8,175,000	8,142,202	99.60%	12,316	8,154,518	99.75%
2010	2009	8,578,000	8,567,429	99.88%	255	8,567,684	99.88%
2011	2010	9,364,000	9,360,277	99.96%	441	9,360,718	99.96%
2012	2011	9,668,000	9,666,002	99.98%	352	9,666,354	99.98%
2013	2012	9,880,000	9,878,126	99.98%	286	9,878,412	99.98%
2014	2013	9,880,000	9,865,676	99.86%	233	9,865,909	99.86%
2015	2014	10,994,000	10,989,069	99.96%	359	10,989,428	99.96%
2016	2015	11,511,000	11,236,533	97.62%	496	11,237,029	97.62%
2017	2016**	12,174,778	-	0.00%	-	-	0.00%

Data Source: McLean County Treasurer

*Includes Library

**Levy collected in FY 2017-18

TOWN OF NORMAL, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
March 31, 2017 (Unaudited)**

Fiscal Year	Governmental Activities	Business-Type Activities	
	General Obligation Bonds	Water Bonds	Sewer Bonds
2008	\$ 57,389,558	\$ 4,356,593	\$ 3,388,956
2009	67,303,630	4,355,492	3,388,956
2010	72,993,461	4,328,788	3,376,219
2011	74,418,761	4,285,337	3,342,500
2012	73,641,760	4,238,467	3,104,501
2013	72,923,947	4,085,881	2,904,218
2014	72,859,119	4,034,986	2,863,395
2015	81,470,668	3,961,812	2,811,864
2016	89,318,375	3,778,478	2,721,559
2017	87,783,723	3,628,247	2,636,094

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

Water EPA Loan	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 2,162,547	\$ 67,297,654	3.61%	\$ 1,301.12
1,824,734	76,872,812	3.97%	1,478.89
2,435,877	83,134,345	4.09%	1,591.48
3,718,424	85,765,022	4.20%	1,633.71
2,763,924	83,748,652	3.90%	1,587.44
2,282,789	82,196,835	3.71%	1,551.70
2,216,255	81,973,755	3.50%	1,521.98
2,096,405	90,340,749	3.64%	1,652.66
1,963,699	97,782,111	4.18%	1,798.36
1,830,992	95,879,056	3.98%	1,766.90

TOWN OF NORMAL, ILLINOIS

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
March 31, 2017 (Unaudited)**

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available in Debt Service	Total	Percentage of Taxable Retail Sales	Taxable Retail Sales	Per Capita (2)
2008	\$ 57,389,558	\$ -	\$ 57,389,558	9.6%	\$ 595,395,200	\$ 1,109.56
2009	67,303,630	-	67,303,630	11.1%	607,856,000	1,294.80
2010	72,993,461	-	72,993,461	11.3%	647,667,100	1,397.35
2011	74,418,761	-	74,418,761	10.3%	723,037,100	1,417.58
2012	73,641,760	-	73,641,760	9.2%	801,389,600	1,395.87
2013	72,923,947	-	72,923,947	8.6%	846,741,400	1,376.65
2014	72,859,119	-	72,859,119	8.4%	864,329,000	1,352.75
2015	81,470,668	-	81,470,668	9.2%	881,241,000	1,490.39
2016	89,318,375	3,537,534	85,780,841	9.7%	886,758,019	1,577.64
2017	87,783,723	5,422,967	82,360,756	9.5%	865,804,199	1,517.78

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) This amount excludes Water and Sewer as those obligations are paid from non-sales tax revenues.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

TOWN OF NORMAL, ILLINOIS

**Schedule of Direct and Overlapping Governmental Activities Debt
March 31, 2017 (Unaudited)**

Governmental Unit	Gross Debt	Percentage of Debt Applicable to Town*	Town's Share of Debt
Town	\$ 87,783,723	100.000%	\$ 87,783,723
Overlapping Debt			
Bloomington Normal Airport Authority	21,405,000	32.296%	6,912,860
Normal School District #5	134,675,000	39.484%	53,175,205
McLean County	4,095,986	22.473%	920,486
Heartland Community College	87,880,000	23.745%	20,867,304
Total Overlapping Debt	248,055,986		81,875,855
Total Direct and Overlapping Debt	\$ 335,839,709		\$ 169,659,578

Data Source: Governmental unit as listed.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the tax base of the Town. The debt outstanding comes from the individual entities' CAFR's.

*This amount represents the percentage of the listed governmental unit's assessed value that is within the assessed value boundaries of the Town of Normal. The assessed values for all governmental entities listed were obtained from the McLean County Clerk's Office.

TOWN OF NORMAL, ILLINOIS

**Schedule of Legal Debt Margin
March 31, 2017 (Unaudited)**

The Town is a home rule municipality.

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes governs computation of the legal debt margin.

The General Assembly may limit by law the amount of required referendum approval of debt to be incurred by home rule municipalities, payable from ad valorem property tax receipts, only in excess of the following percentages of the assessed value of its taxable property(2) if its population is more than 25,000 and less than 500,000 an aggregate of one percent....indebtedness which is outstanding on the effective date (July 1, 1971) of this constitution or which is thereafter approved by referendum....shall not be included in the foregoing percentage amounts.

To date, the General Assembly has set no limits for home rule municipalities.

TOWN OF NORMAL, ILLINOIS

**Demographic and Economic Statistics - Last Ten Fiscal Years
March 31, 2017 (Unaudited)**

Fiscal Year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2008	51,723	\$ 1,864,303,812	\$ 36,044	3.7%
2009	51,980	1,935,111,440	37,228	5.3%
2010	52,237	2,030,191,005	38,865	5.6%
2011	52,497	2,041,188,354	38,882	6.2%
2012	52,757	2,147,684,713	40,709	6.5%
2013	52,972	2,215,077,152	41,816	6.7%
2014	53,860	2,339,085,940	43,429	7.0%
2015	54,664	2,478,575,088	45,342	4.2%
2016	54,373	2,341,518,872	43,064	5.8%
2017	54,264	2,409,158,808	44,397	5.0%

Data Source: Illinois Department of Employment Security (IDES)

(1) Population figures were determined by staff using available U.S. Census Bureau information and staff estimates.

(2) Per Capita Personal Income obtained from the Bureau of Economic Analysis.

(3) Unemployment Rate information obtained from the Illinois Department of Employment Security.

TOWN OF NORMAL, ILLINOIS

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago
March 31, 2017 (Unaudited)**

Employer	2017			2008		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
State Farm Insurance	14,532	1	21.03%	15,297	1	23.68%
Illinois State University	3,300	2	4.78%	3,152	2	4.88%
Country Insurance and Financial	1,939	3	2.81%	2,204	3	3.41%
Unit 5 School District	1,669	4	2.42%	1,754	4	2.72%
Advocate BroMenn Medical Center	1,271	5	1.84%	1,537	6	2.38%
OSF-St. Joseph Medical Center	894	6	1.29%	997	8	1.54%
Heartland Bank & Trust	763	7	1.10%			
Afni, Inc.	760	8	1.10%			
McLean County Government	716	9	1.04%	870	9	1.35%
City of Bloomington	691	10	1.00%	645	10	1.00%
Mitsubishi Motor Manu				1,725	5	2.67%
Anderson Financial Network, Inc.				1,012	7	1.57%
	<u>26,535</u>		<u>38.41%</u>	<u>29,193</u>		<u>45.19%</u>

Data Source: Current year information was obtained from Bloomington-Normal Area Convention & Visitors Bureau and Economic Development Council for the Bloomington-Normal Area - 2007 Demographic Profile Report. All information is for the Bloomington-Normal area, as specific data is not available for each municipality separately. Total employed was obtained from the Illinois Department of Employment Security (Illinois Workforce Info Center).

TOWN OF NORMAL, ILLINOIS

**Full-Time Equivalent Town Government Employees by Function - Last Ten Fiscal Years
March 31, 2017 (Unaudited)**

See Following Page

TOWN OF NORMAL, ILLINOIS

**Full-Time Equivalent Town Government Employees by Function - Last Ten Fiscal Years
March 31, 2017 (Unaudited)**

Function	2008	2009	2010
General Government			
Administration	4	4	4
CIRBN	-	-	-
Clerk	2	2	2
Corporation Council	3	3	3
Marketing & Communications	-	-	-
Facility Management	9	8	8
Finance	9	9.5	9
Human Resources	4	3	3
Information Technology	6	5.5	6
Purchasing	2	2	2
Uptown	-	-	-
Public Safety			
Fire			
Firefighters and Officers	63	63	63
Civilians	4	4	4
Police			
Officers	79	78	78
Civilians	12	14	13
Inspections	16	15	11
Highways and Streets			
Engineering	9	10	9
Public Works	28	27	24
Community Development	2	3	2
Sanitation	10	10	10
Parks and Recreation	37	37	38
Library	24	27	25
Sewer	11	11.5	11.5
Water	33	32.5	32.5
Totals	367	369	358

Data Source: FT Authorized Employees (Budget)

2011	2012	2013	2014	2015	2016	2017
5	5	5	4	5	5	5
-	-	-	3	3	4	3
2	2	2	2	2	2	2
3	3	3	3	3	3	3
-	-	-	1	1	1	1
8	9	11	13	13	13	15
9	13	13	13	12	12	12
2	2	3	2	3	3	3
6	6	6	6	6	6	9
2	-	-	-	-	-	-
-	-	-	-	1	1	1
63	63	63	63	63	64	66
4	4	4	4	3	3	3
78	79	79	79	81	81	82
13	13	13	14	12	12	12
11	11	11	11	10	10	11
9	9	9	9	9	9	9
22	23	23	23	23	23	24
2	2	2	3	3	3	3
10	11	12	12	11	11	11
37	37	39	40	40	40	42
25	24	24	23	23	24	22
11.5	11.5	11.5	11.5	11.5	11.5	12.5
32.5	32.5	32.5	32.5	32.5	32.5	32.5
355	360	366	372	371	374	384

TOWN OF NORMAL, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
March 31, 2017 (Unaudited)**

Function/Program	2008	2009	2010
Fire			
Ambulance Runs	3,456	3,531	3,731
Fire Responses	2,113	2,495	1,384
Inspectors	2,762	2,751	2,531
Police			
Police Arrests	2,581	2,356	2,188
Ordinance Violations	2,613	2,359	2,652
Traffic Violations	13,051	12,606	14,070
Inspections			
Permits Issued	1,038	1,139	1,074
Refuse Collection			
Refuse Tons Collected	9,317	9,422	9,347
Tons of Recyclables Collected	13,180	13,579	13,780
Other Public Works			
Potholes Repaired (Tons)	75	122	217
Curn Miles - Street Sweeper	11,171	10,784	8,760
Parks and Recreation			
Swimming Pool Admissions (Two Locations)	117,592	101,969	70,044
Museum Attendance	130,165	132,500	134,000
Theater Attendance	30,795	31,075	27,246
Golf Rounds Played	23,464	23,999	24,337
Library			
Volumes in Collection	177,459	175,635	186,121
Water			
New Connections	225	227	332
Water Main Breaks	37	45	32
Average Daily Consumption (Gallons)	4,500,000	4,600,000	4,400,000
Number of Water Accounts	15,550	15,880	16,176
Sewers			
Sanitary Sewers (Miles)	160	174	174
Storm Sewers (Miles)	100	101	101

Data Source: Various Town Departments

2011	2012	2013	2014	2015	2016	2017
4,002	4,269	4,541	4,663	4,699	5,116	5,309
1,139	1,056	1,189	1,095	1,049	1,050	1,066
3,108	2,074	2,056	2,885	2,285	1,694	1,592
2,126	2,003	2,008	2,272	2,238	1,326	1,548
2,820	2,543	2,284	2,731	2,519	2,924	2,435
14,050	13,184	13,375	14,352	14,160	9,928	8,870
1,072	976	1,078	1,145	1,530	1,023	1,062
9,076	8,779	8,518	8,335	8,366	8,432	8,752
4,369	4,150	3,865	3,667	3,491	3,517	3,377
240	157	88	131	302	552	233
10,509	12,716	12,004	10,677	8,741	10,530	11,427
112,832	91,995	113,081	94,821	84,467	91,319	90,783
149,122	152,501	141,859	138,001	144,084	135,690	142,742
28,900	33,442	33,439	26,513	24,480	27,271	26,846
25,110	23,946	24,844	24,500	23,570	23,066	22,844
190,216	188,278	194,940	198,456	198,688	197,792	196,001
208	227	218	196	137	115	136
65	43	53	48	40	30	66
4,300,000	4,320,000	4,150,000	3,975,000	3,894,000	3,708,000	3,704,000
16,473	16,700	16,918	17,114	17,251	17,366	17,502
175	174	174	168	180	180	195
111	102	109	130	127	150	150

TOWN OF NORMAL, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Calendar Years
March 31, 2017 (Unaudited)**

Function/Program	2007	2008	2009	2010
Public Safety				
Police				
Police Stations	1	1	1	1
Fire Stations	3	3	3	3
Highway and Streets				
Streets (Miles)	168	168	168	175
Streetlights	3,338	3,375	3,395	3,393
Equipment Maintenance				
Vehicles Maintained	286	299	299	301
Culture and Recreation				
Number of Parks	17	17	17	17
Acres of Parks	385	360	364	374
Number of Golf Courses	1	1	1	1
Acres of Golf Courses	300	300	300	300
Water				
Water Mains (Miles)	191	195	195	244
Maximum Available Daily Supply (Gallons)	11,500,000*	11,500,000	11,500,000	11,500,000
Fire Hydrants	2,042	2,098	2,153	2,180
Sewer				
Sanitary Sewers (Miles)	174	174	174	175
Storm Sewers (Miles)	100	101	101	111

Data Source: Various Town departments

*The refurbishing of several old wells increased the daily water supply in 2007.

2011	2012	2013	2014	2015	2016
1 3	1 3	1 3	1 3	1 3	1 3
213 3,405	215 2,889	216 3,007	214 3,009	200 3,015	188 3,015
301	309	307	325	328	332
17 3,780 1 300	18 370 1 300	18 370 1 300	18 370 1 300	18 370 1 300	18 370 1 300
198 11,500,000 2,225	199 11,500,000 2,410	200 11,500,000 2,513	201 11,220,000 2,527	226 12,166,000 2,544	202 12,700,000 2,559
174 102	174 109	168 130	180 127	180 150	195 150

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

March 8, 2018

Town of Normal, Illinois
11 Uptown Circle
Normal, Illinois 61761

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of the General Obligation Refunding Bonds, Series 2018 in the aggregate principal amount of \$9,255,000 (the "Bonds") of the Town of Normal, Illinois (the "Town"), a municipal corporation and a home rule unit of the State of Illinois situated in the County of McLean, Illinois. The Bonds are authorized and issued pursuant to the provisions of Section 6 of Article VII of the Illinois Constitution of 1970, the Omnibus Bond Acts, 5 ILCS 70/8 as supplemented and amended, and by virtue of Ordinance No. 5726 adopted by the Board of Trustees of the Town on December 18, 2017 and a bond order of the Town dated February 14, 2018 (collectively, the "Bond Ordinance"). The Bonds have been issued to pay costs of refunding certain prior bonds of the Town and of issuing the Bonds.

The Bonds mature on June 1 in each of the following years in the respective principal amount set opposite each such year, and the Bonds maturing in each such year bear interest from their date payable on June 1 and December 1 of each year commencing December 1, 2018 at the respective rate of interest per annum set forth opposite such year in the following table:

<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
2019	230,000	4.00
2020	535,000	4.00
2021	540,000	4.00
2022	540,000	4.00
2023	540,000	4.00
2024	535,000	4.00
2025	535,000	4.00
2026	535,000	4.00
2027	535,000	4.00
2028	530,000	4.00
2029	530,000	4.00
2030	530,000	4.00
2031	525,000	4.00
2032	520,000	4.00
2033	520,000	4.00
2038	1,575,000	3.50

In our opinion, the Bonds are valid and legally binding full faith and credit general obligations of the Town and the Town is obligated to levy ad valorem taxes upon all the taxable property within the Town for the payment of the Bonds and the interest thereon without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the condition that the Town comply with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under present law, interest on the Bonds is not includible in gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax for individuals and corporations, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations. Failure to comply with certain of such covenants of the Town could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is our opinion that the Bonds have been designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering the opinions given above, we have relied upon and assumed the material accuracy of the Town's representations, statements of reasonable expectations and certifications of fact contained in the Bond Ordinance and other certificates of the Town which we have not independently verified, and upon the opinion of counsel to the Town. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and is not a guarantee of a result. Our opinion is given as of the date hereof and we assume no obligation to revise or supplement our opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

HART, SOUTHWORTH & WITSMAN

By: _____
Mike Southworth



Review of Existing Debt and Bond Market Update



The Town of Normal, Illinois

August 31, 2017

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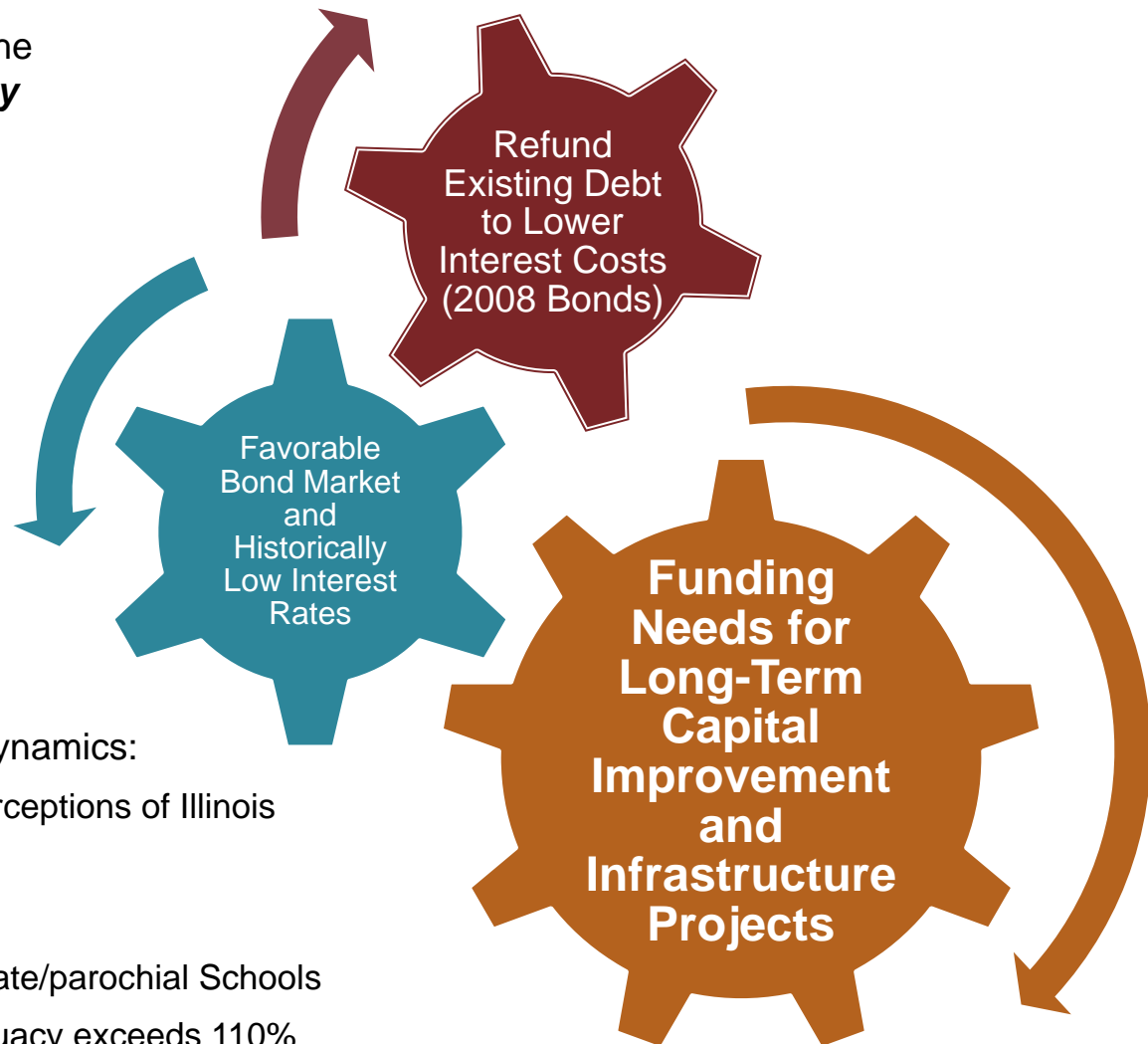
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Refining Comprehensive Financing Plan in Light of Normal's Current Maturing Debt Structure and Favorable Interest Rate Environment

- Integrate all capital initiatives into the current overall ***budget and tax levy objectives*** of the Town.
- Maintain and Improve the Town's high investment grade credit ratings (Aa1,AA, & AAA) to ensure cost effective financing.
- Leverage favorable market conditions and use \$10 million annual tax-exempt Bank Qualified borrowing capacity when possible
- Consider State of Illinois Budget Dynamics:
 - State actions do impact market perceptions of Illinois
 - Income Tax Increase to 4.95%
 - School Funding Agreement
 - Donations & Tax credits for private/parochial Schools
 - Local referenda if funding adequacy exceeds 110%



Municipal Market Considerations

- **The Town of Normal is a very credit-worthy borrower, but may issue bonds under stressed market conditions due to State of Illinois fiscal position**

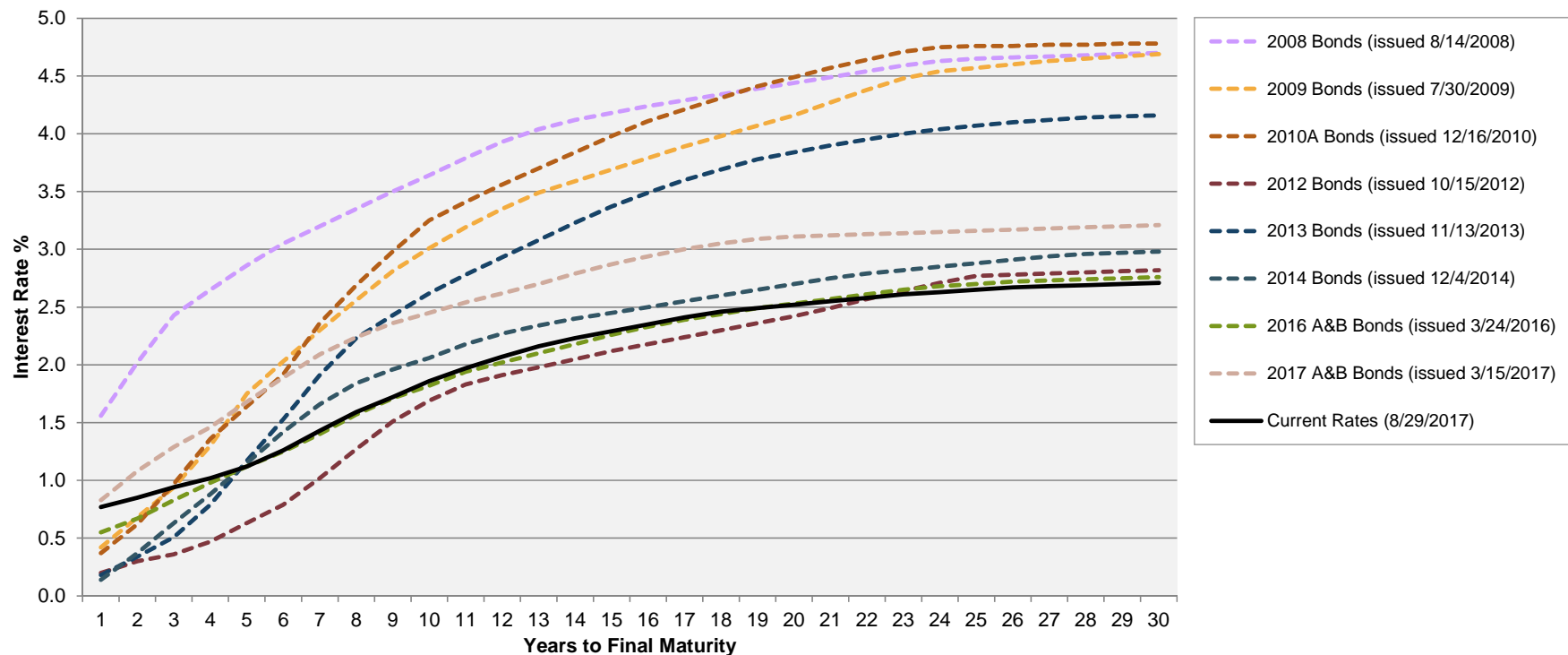
- **Illinois Municipal Bond Market Experiencing Some Stress**
 - City of Chicago Downgraded to “junk” status “Ba1” by Moody’s – See Chicago Area Rating Grid that follows
 - State of Illinois budget situation still somewhat uncertain
 - “Illinois Penalty” exists but increasing for local issuers – but has decreased with budget and school funding compromise
 - On June 1, 2017 the State of Illinois was hit with new rating cuts. The ratings are now low triple-B – the last step before going to “speculative” or “junk” category.
 - Some investors have decided to forgo Illinois bonds of any type

- **Refunding Considerations**
 - The Town’s 2008 Bonds will be currently callable on or after 6/1/2018. Consider refunding opportunities that could save the Town approximately \$1.3 million in interest costs (net present value).

- **New Money Considerations**
 - Maintain the Town’s AAA/Aa1/AA (Fitch, Moody’s and S&P) credit ratings to ensure continuing cost effective financing for taxpayers.
 - Ultimate structure of any financing should reflect available repayment sources or tax impact considerations, and life of assets financed.
 - Take advantage of the \$10 million annual tax-exempt Bank Qualified borrowing capacity when possible for extra financing value.

Tax-Exempt Borrowing Rates Remain Low Relative to Other Times the Town has Issued Debt Since 2008 – HOWEVER, Credit Spreads for All Illinois Issuers are Elevated due to Fiscal Pressure at the State Level

- Illustration below shows yields for the AAA tax-exempt municipal bond index (“MMD”) at various points in time when the Town has issued prior debt.
- The solid black line shows current interest rate levels today.

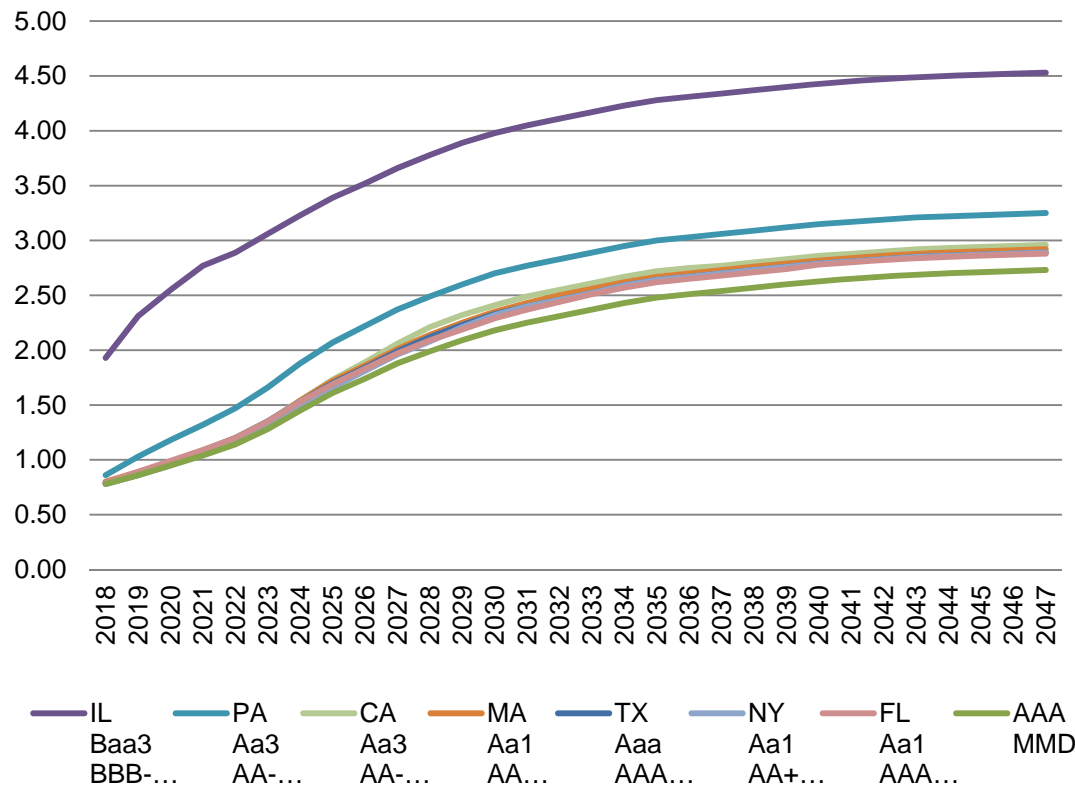


Data Sources: Bloomberg L.P. and Thompson Municipal Market Monitor

State Level General Obligation Yields and the Illinois Penalty

- Given the current budgetary and political dysfunction within the State of Illinois, it can be seen from the illustrations below that the State of Illinois has a considerably higher cost of borrowing than other state-level general obligation credits. This affects local issuers as well.
- The yields provided are based upon outstanding state general obligation bonds that have 5% coupons and a 10-year par call.

State G.O. Yield Curves



Maturity	AAA MMD	IL Baa3 BBB- BBB+	PA Aa3 AA- AA-	MA Aa1 AA+	NY Aa1 AA+	FL Aa1 AAA	TX Aaa AAA	CA Aa3 AA-
2018	0.78	1.93	0.86	0.80	0.78	0.79	0.79	0.78
2019	0.86	2.31	1.03	0.89	0.86	0.89	0.88	0.86
2020	0.95	2.55	1.18	0.98	0.95	0.99	0.98	0.96
2021	1.04	2.77	1.32	1.08	1.05	1.09	1.08	1.07
2022	1.14	2.89	1.47	1.18	1.16	1.20	1.20	1.19
2023	1.28	3.06	1.66	1.34	1.31	1.35	1.35	1.35
2024	1.45	3.23	1.88	1.54	1.49	1.53	1.53	1.54
2025	1.61	3.39	2.07	1.72	1.66	1.69	1.70	1.73
2026	1.74	3.52	2.22	1.86	1.81	1.83	1.84	1.89
2027	1.88	3.66	2.37	2.01	1.96	1.97	1.99	2.06
2028	1.99	3.78	2.49	2.14	2.08	2.09	2.12	2.21
2029	2.09	3.89	2.60	2.25	2.21	2.19	2.23	2.32
2030	2.18	3.98	2.70	2.35	2.32	2.29	2.33	2.41
2031	2.25	4.05	2.77	2.43	2.40	2.37	2.40	2.49
2032	2.31	4.11	2.83	2.50	2.46	2.44	2.46	2.55
2033	2.37	4.17	2.89	2.56	2.52	2.51	2.52	2.61
2034	2.43	4.23	2.95	2.62	2.59	2.57	2.59	2.67
2035	2.48	4.28	3.00	2.67	2.64	2.62	2.64	2.72
2036	2.51	4.31	3.03	2.70	2.67	2.65	2.67	2.75
2037	2.54	4.34	3.06	2.73	2.70	2.68	2.70	2.77
2038	2.57	4.37	3.09	2.76	2.73	2.71	2.73	2.80
2039	2.6	4.40	3.12	2.79	2.76	2.74	2.76	2.83
2040	2.63	4.43	3.15	2.82	2.79	2.78	2.79	2.86
2041	2.65	4.45	3.17	2.84	2.81	2.80	2.81	2.88
2042	2.67	4.47	3.19	2.86	2.83	2.82	2.83	2.90
2043	2.69	4.49	3.21	2.88	2.85	2.84	2.85	2.92
2044	2.7	4.50	3.22	2.89	2.86	2.85	2.86	2.93
2045	2.71	4.51	3.23	2.90	2.87	2.86	2.87	2.94
2046	2.72	4.52	3.24	2.91	2.88	2.87	2.88	2.95
2047	2.73	4.53	3.25	2.92	2.89	2.88	2.89	2.96

Data Sources: The Municipal Market Monitor (TM3)
Rates as of 8/28/2017

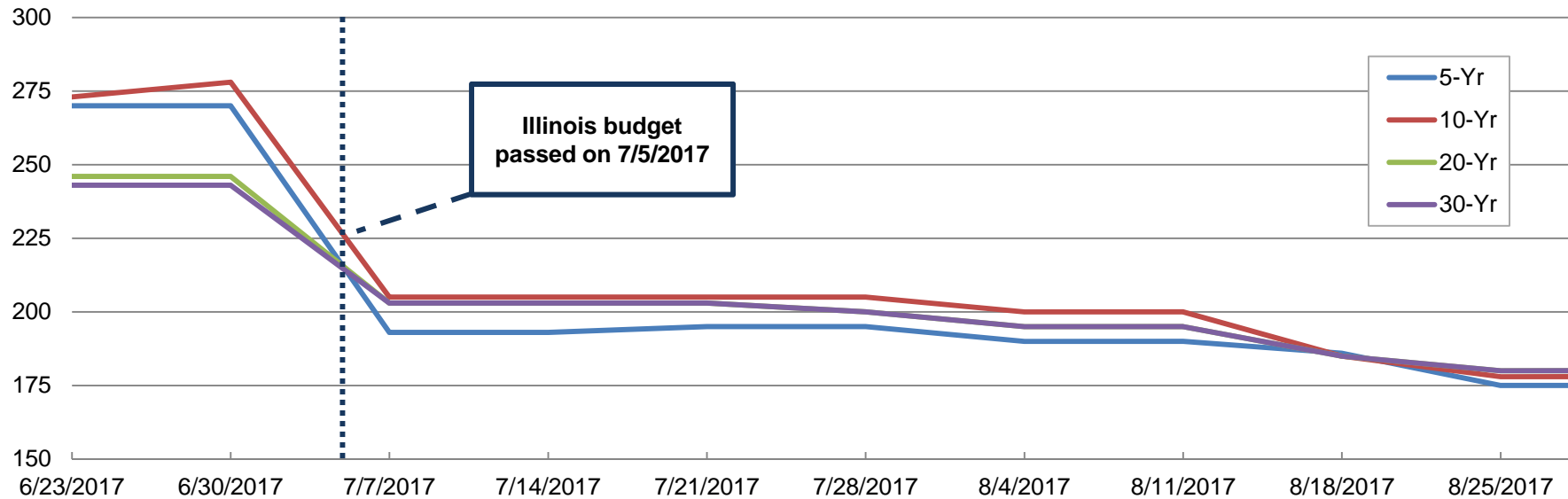


Illinois Spreads Have Tightened Since Passage of a Budget

- Since the budget has passed, maturities have seen the following basis point declines in spread: 5-Yr: 18, 10-Yr: 27, 20-Yr: 23, 30-Yr: 23.

Maturity	6/23/2017	6/30/2017	7/7/2017	7/14/2017	7/21/2017	7/28/2017	8/4/2017	8/11/2017	8/18/2017	8/25/2017	8/28/2017
5-Yr	270	270	193	193	195	195	190	190	186	175	175
10-Yr	273	278	205	205	205	205	200	200	185	178	178
20-Yr	246	246	203	203	203	200	195	195	185	180	180
30-Yr	243	243	203	203	203	200	195	195	185	180	180

Illinois Credit Spread Movement by Maturity: 6/23 to Present

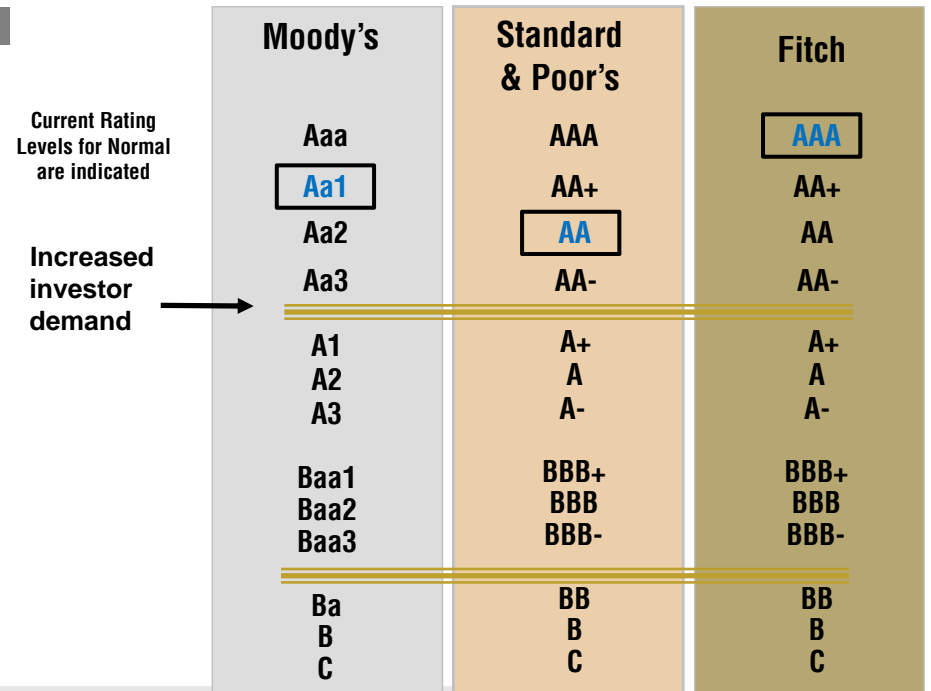
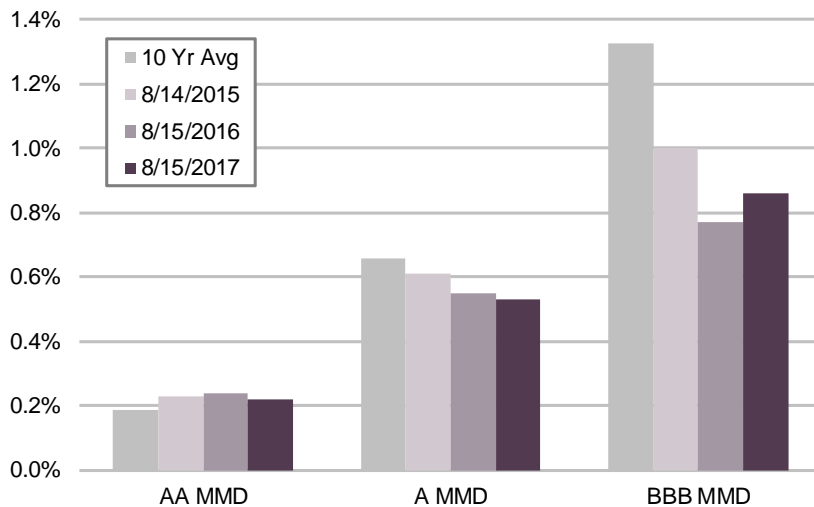


Data Sources: The Municipal Market Monitor (TM3)
Rates as of 8/28/2017

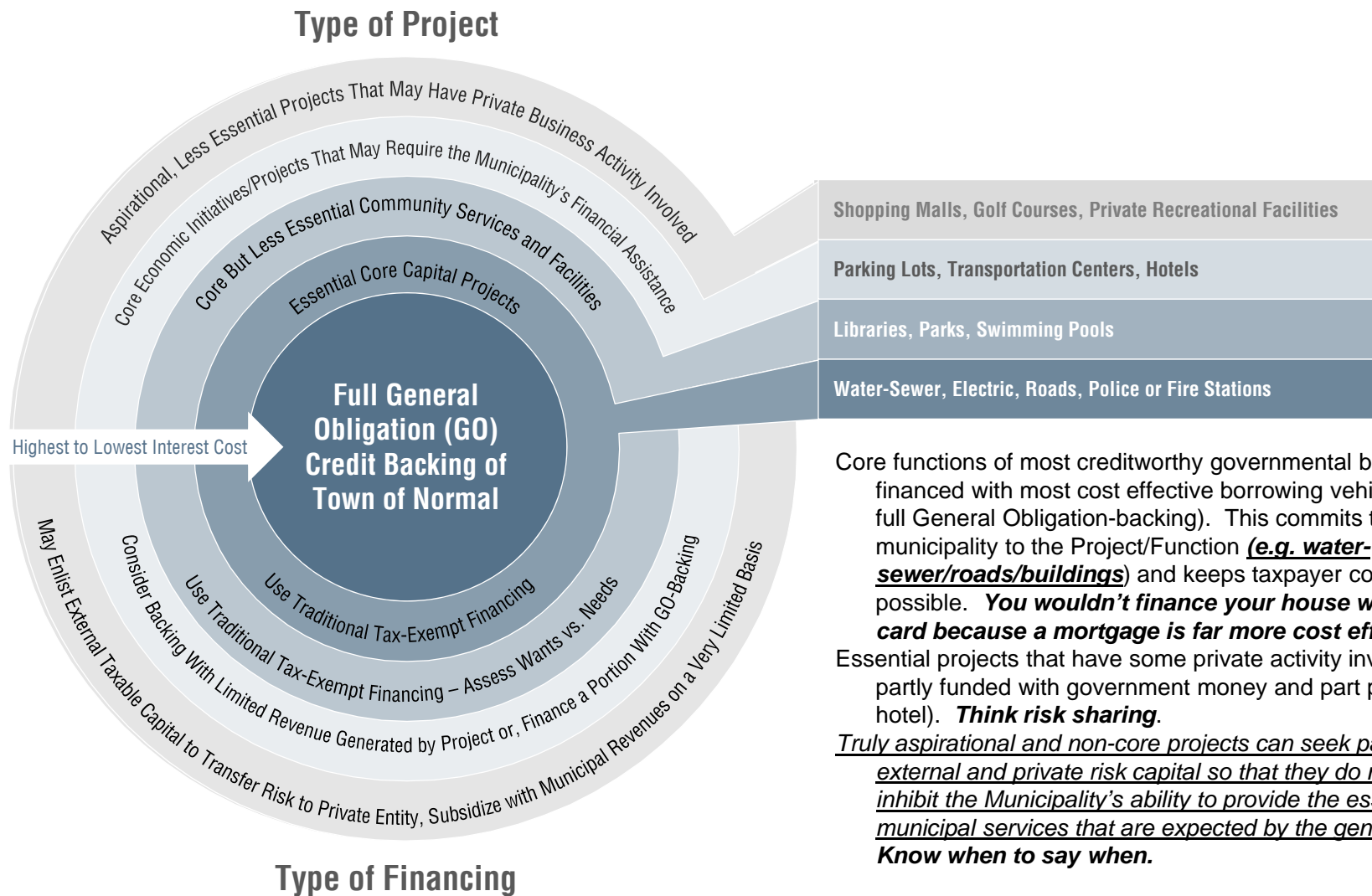
CREDIT RATINGS MATTER: Investors Are Particularly Sensitive to Credit Ratings in the Current Credit Environment. Maintaining the Town’s High Credit Ratings Continues to be Advantageous

- Issuers with strong independent credit ratings enter the market from a position of strength. With all of the much discussed credit market dislocation, investors have truly been rewarding those issuers that have “kept their house in order”.
- A strong credit rating will continue to provide the Town with ongoing ready access to the debt capital markets for any refunding or new money financings that is being considered.
- Credit ratings directly impact financing costs. An issuer’s borrowing rates (generally expressed as a “spread” off the “AAA” index) are largely determined by an issuer’s credit rating, although other factors are involved. Investor demand is significantly greater for “AA” rated debt as opposed to single “A” rated debt.

Change In Credit Spreads Over Time (Spread to 20-Yr AAA MMD)



Normal Should Consider a Project Financing's Impact on the Its General Obligation Credit Rating Given the Wide Range of Community Needs that May Require Financing

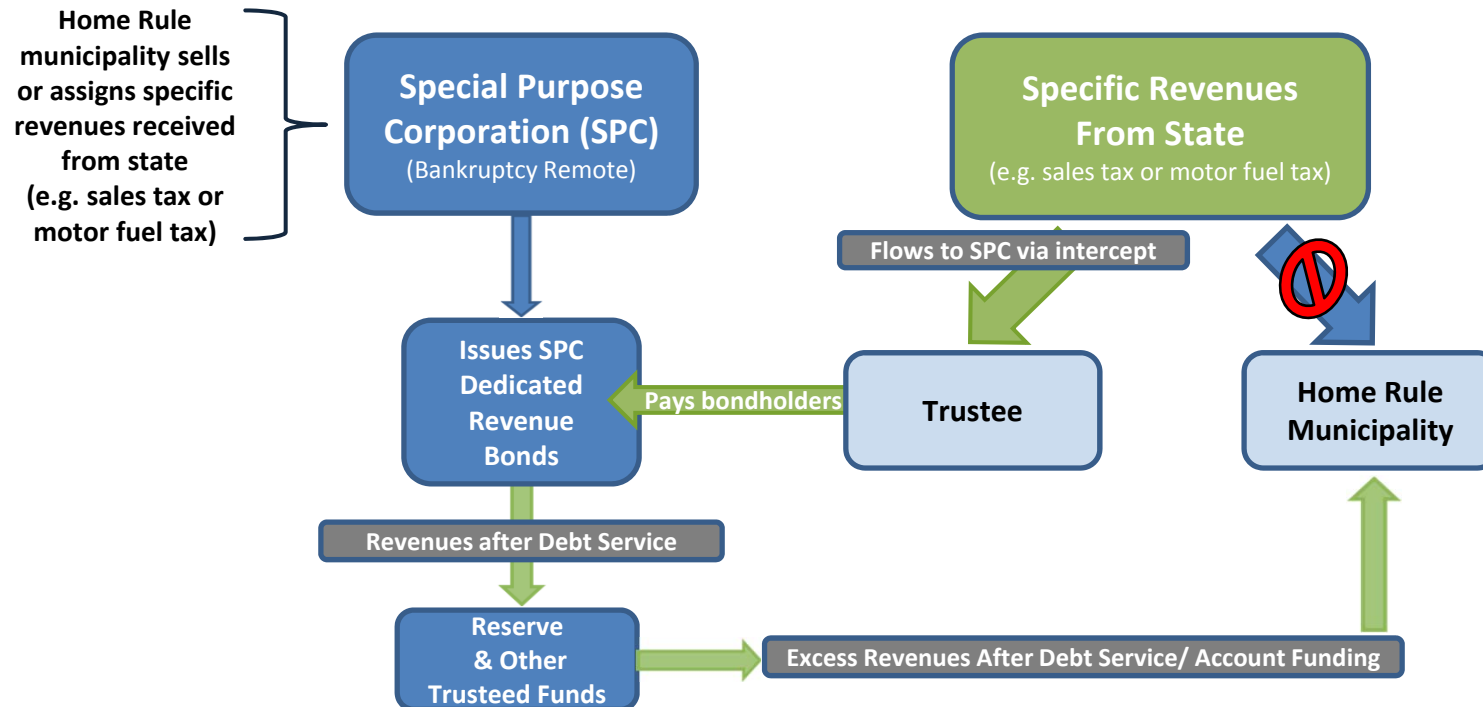


Core functions of most creditworthy governmental bodies can be financed with most cost effective borrowing vehicle (i.e. its full General Obligation-backing). This commits the municipality to the Project/Function **(e.g. water-sewer/roads/buildings)** and keeps taxpayer cost as low as possible. ***You wouldn't finance your house with a credit card because a mortgage is far more cost effective.***

Essential projects that have some private activity involved can be partly funded with government money and part private (e.g. hotel). ***Think risk sharing.***

Truly aspirational and non-core projects can seek participation of external and private risk capital so that they do not begin to inhibit the Municipality's ability to provide the essential municipal services that are expected by the general public. Know when to say when.

New Illinois Statute Allows Home Rule Municipalities to Develop “Assignment of Receipts” Financing Structures (Alternative to General Obligation Bonds)



Key Considerations:

- Financing complete through bankruptcy-remote SPC
- Requires minimum debt service (ex: 125%) and trusted funds
- May improve credit rating and reduce interest costs
- Requires significant interceptable revenue stream

Review of Debt Profile and Refunding Opportunities

Profile of Existing Debt

- Normal has approximately \$88.8 million of outstanding debt. Approximately \$68.2 million of the Town's debt can be repaid prior to maturity, subject to specific optional redemption provisions. This will provide significant flexibility to restructure debt service or potentially reduce interest costs over time.
- Mesirow Financial periodically reviews refinancing opportunities as interest rates change over time.

Outstanding General Obligation Debt (Principal Only)

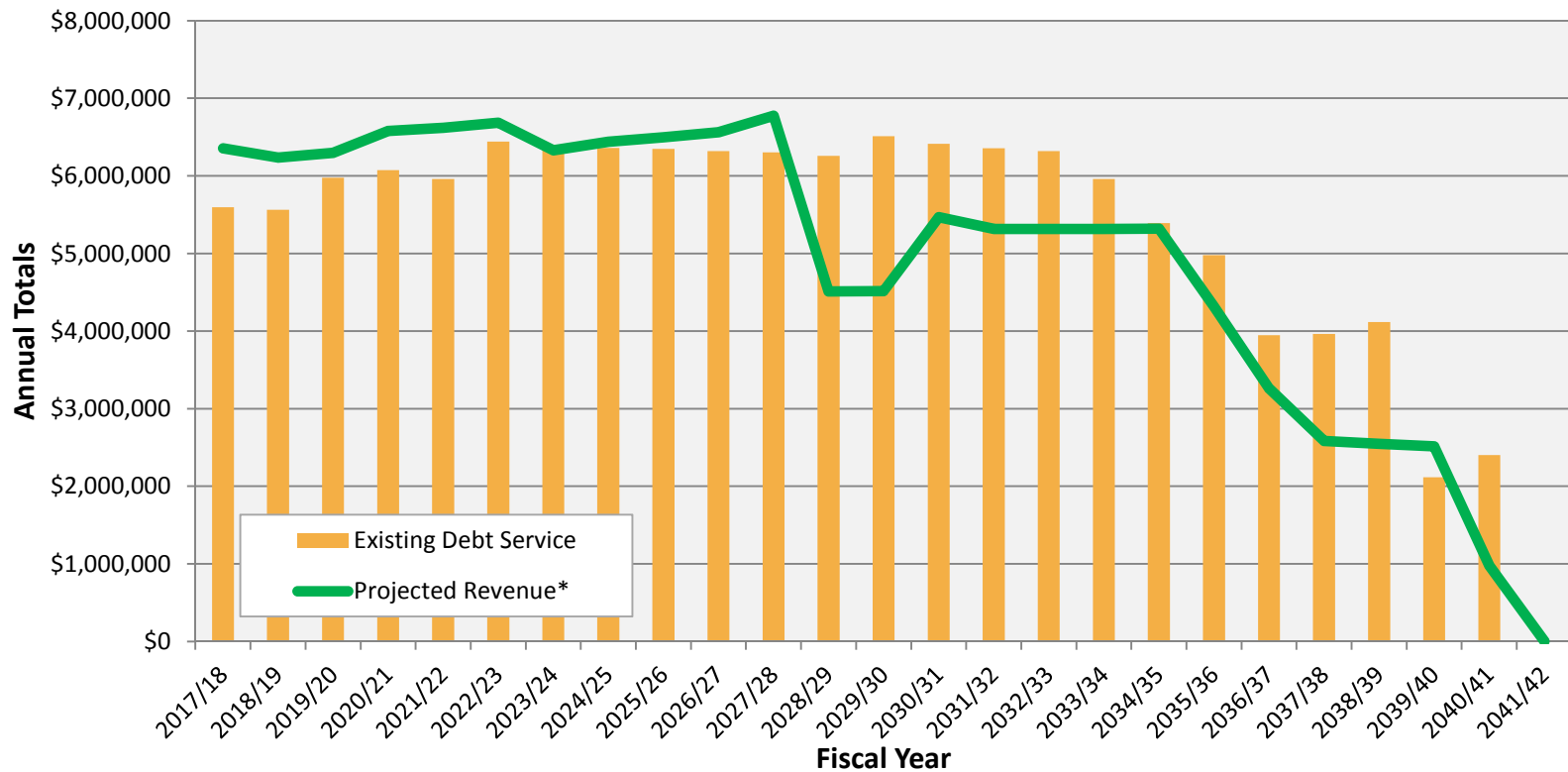
Levy Year	Period Ending	Series 2017B	Series 2017A	Series 2016B	Series 2016A	Series 2014	Series 2013	Series 2012	Series 2010A	Series 2009	Series 2009A	Series 2008	Total Outstanding Principal	Cumulative Principal Retired as % of Total	Total Callable Principal
		Dtd 03/15/17	Dtd 03/15/17	Dtd 03/24/16	Dtd 03/24/16	Dtd 12/04/14	Dtd 11/13/13	Dtd 10/15/12	Dtd 12/16/10	Dtd 07/30/09	Dtd 07/30/09	Dtd 08/14/08			
2016	06/01/18	-	-	-	200,000	360,000	385,000	-	-	800,000	-	500,000	2,245,000	2.53%	-
2017	06/01/19	-	-	-	245,000	370,000	240,000	100,000	-	850,000	-	500,000	2,305,000	5.13%	500,000
2018	06/01/20	-	-	-	250,000	385,000	410,000	395,000	-	875,000	-	500,000	2,815,000	8.30%	500,000
2019	06/01/21	-	-	-	280,000	400,000	470,000	470,000	-	900,000	-	500,000	3,020,000	11.70%	500,000
2020	06/01/22	-	-	-	215,000	415,000	435,000	465,000	-	1,000,000	-	500,000	3,030,000	15.11%	1,500,000
2021	06/01/23	-	370,000	-	350,000	435,000	510,000	460,000	-	1,000,000	-	500,000	3,625,000	19.20%	1,960,000
2022	06/01/24	-	455,000	-	350,000	450,000	735,000	1,215,000	-	-	-	500,000	3,705,000	23.37%	2,450,000
2023	06/01/25	-	485,000	-	350,000	470,000	770,000	1,235,000	-	-	-	500,000	3,810,000	27.67%	2,975,000
2024	06/01/26	-	530,000	-	350,000	490,000	795,000	1,270,000	-	-	-	500,000	3,935,000	32.10%	3,405,000
2025	06/01/27	-	515,000	-	400,000	510,000	825,000	1,300,000	-	-	-	500,000	4,050,000	36.66%	4,050,000
2026	06/01/28	-	555,000	-	400,000	530,000	865,000	1,330,000	-	-	-	500,000	4,180,000	41.37%	4,180,000
2027	06/01/29	-	595,000	-	375,000	550,000	895,000	1,370,000	-	-	-	500,000	4,285,000	46.20%	4,285,000
2028	06/01/30	-	2,040,000	275,000	375,000	570,000	935,000	-	-	-	-	500,000	4,695,000	51.49%	4,695,000
2029	06/01/31	-	2,550,000	300,000	800,000	595,000	-	-	-	-	-	500,000	4,745,000	56.84%	4,745,000
2030	06/01/32	895,000	1,740,000	300,000	800,000	620,000	-	-	-	-	-	500,000	4,855,000	62.31%	4,855,000
2031	06/01/33	2,700,000	35,000	325,000	800,000	645,000	-	-	-	-	-	500,000	5,005,000	67.95%	5,005,000
2032	06/01/34	2,815,000	30,000	325,000	1,000,000	670,000	-	-	-	-	-	-	4,840,000	73.40%	4,840,000
2033	06/01/35	2,930,000	35,000	500,000	1,000,000	-	-	-	-	-	-	-	4,465,000	78.43%	4,465,000
2034	06/01/36	-	3,080,000	650,000	-	-	-	-	-	-	500,000	-	4,230,000	83.20%	3,730,000
2035	06/01/37	-	-	850,000	-	-	-	-	-	-	2,500,000	-	3,350,000	86.97%	850,000
2036	06/01/38	-	-	1,000,000	-	-	-	-	-	-	1,000,000	1,500,000	3,500,000	90.91%	2,500,000
2037	06/01/39	-	-	1,000,000	-	-	-	-	905,000	-	1,900,000	-	3,805,000	95.20%	1,905,000
2038	06/01/40	-	-	1,000,000	-	-	-	-	950,000	-	-	-	1,950,000	97.40%	1,950,000
2039	06/01/41	-	-	2,310,000	-	-	-	-	-	-	-	-	2,310,000	100.00%	2,310,000
Totals		9,340,000	13,015,000	8,835,000	8,540,000	8,465,000	8,270,000	9,610,000	1,855,000	5,425,000	5,900,000	9,500,000	88,755,000		68,155,000
Purpose		Refunding	Refunding	New Money	Refunding	New Money	Refunding	Refunding	New Money	Refunding	New Money	New Money			
Tax Status		Bank Qualified	Tax-Exempt	Bank Qualified	Bank Qualified	Bank Qualified	Bank Qualified	Bank Qualified	Taxable RZEDB	Bank Qualified	Taxable BAB	Bank Qualified			
Unique Features		---	---	---	---	---	---	---	---	---	---	---			
Call Date		6/1/2026	6/1/2026	12/1/2025	6/1/2025	6/1/2024	6/1/2023	6/1/2022	6/1/2020	6/1/2019	Non-Callable	6/1/2018			
Adv. Refundable?		Yes	Yes	Yes	Yes	Yes	No**	No**	Yes	Yes	Yes	Yes			

**Bonds can only be advance refunded, but only on a taxable basis.



Existing Debt Service and Projected Revenues

- To avoid property tax impact, the Town should continue to evaluate debt service requirements for new project financings within the context of long-term revenue expectations.
- The Town's debt service profile is generally downward sloping, which can provide future flexibility as additional funding needs are identified.



* Projected revenues provided by Town officials on September 12, 2014. Represents net revenues available to pay debt service.

Refunding Savings Summary – 2008 Bonds

- The 2008 Bonds were originally issued for the Uptown Renewal Project, and now \$9 million of the outstanding bonds will be callable prior to maturity on or after 6/1/2018.
- Based on current interest rate levels, a refunding could reduce debt service payments by approximately \$1.6 million over the remaining life of the Bonds. This equates to approximately \$1.3 million in net present value savings (or 15.7% savings based on the par amount of the refunding bonds).
- Sensitivity of savings to interest rate changes: Each 10 basis point increase in interest rates would reduce net present value savings by approximately \$60,000.

Refunding Assumptions				Interest Rate Comparison			Debt Service Savings Analysis			
Date	2008		Unrefunded 2008 Bonds	2008 Interest Rate	Estimated Refunding Yields	Interest Rate Differential	(a)	(b)	(c)	Net Present Value Savings
	Outstanding Principal	Principal Refunded					Debt Service on Refunded Bonds	Estimated Refunding Debt Service	= (a) - (b) Estimated Savings	
6/1/2018	500,000	500,000	-	5.000%			-	-	-	(1,341)
6/1/2019	500,000	500,000	-	4.050%	1.000% BQ	3.050%	912,875	816,359	96,516	93,214
6/1/2020	500,000	500,000	-	4.150%	1.160% BQ	2.990%	892,625	793,688	98,938	94,099
6/1/2021	500,000	500,000	-	4.250%	1.300% BQ	2.950%	871,875	774,138	97,738	90,667
6/1/2022	500,000	500,000	-	4.350%	1.440% BQ	2.910%	850,625	754,938	95,688	86,605
6/1/2023	500,000	500,000	-	4.400%	1.590% BQ	2.810%	828,875	730,738	98,138	86,638
6/1/2024	500,000	500,000	-	4.450%	1.770% BQ	2.680%	806,875	711,738	95,138	81,943
6/1/2025	500,000	500,000	-	4.500%	1.970% BQ	2.530%	784,625	687,738	96,888	81,398
6/1/2026	500,000	500,000	-	4.550%	2.130% BQ	2.420%	762,125	663,938	98,188	80,461
6/1/2027	500,000	500,000	-	4.600%	2.260% BQ	2.340%	739,375	640,338	99,038	79,161
6/1/2028	500,000	500,000	-	4.650%	2.430% BQ	2.220%	716,375	621,938	94,438	73,640
6/1/2029	500,000	500,000	-	4.800%	2.540% BQ	2.260%	693,125	593,538	99,588	75,731
6/1/2030	500,000	500,000	-	4.800%	2.640% BQ	2.160%	669,125	570,538	98,588	73,122
6/1/2031	500,000	500,000	-	4.800%	2.770% BQ	2.030%	645,125	547,738	97,388	70,451
6/1/2032	500,000	500,000	-	4.800%	2.830% BQ	1.970%	621,125	525,138	95,988	67,724
6/1/2033	500,000	500,000	-	4.800%	2.890% BQ	1.910%	597,125	497,738	99,388	68,385
6/1/2034	-	-	-				73,125	56,800	16,325	11,011
6/1/2035	-	-	-				73,125	56,800	16,325	10,743
6/1/2036	-	-	-				73,125	56,800	16,325	10,482
6/1/2037	-	-	-				73,125	56,800	16,325	10,227
6/1/2038	1,500,000	1,500,000	-	4.875%	3.170% BQ	1.705%	1,573,125	1,476,800	96,325	58,575
Totals	9,500,000	9,500,000	-			Totals	13,257,500	11,634,234	1,623,266	1,302,936

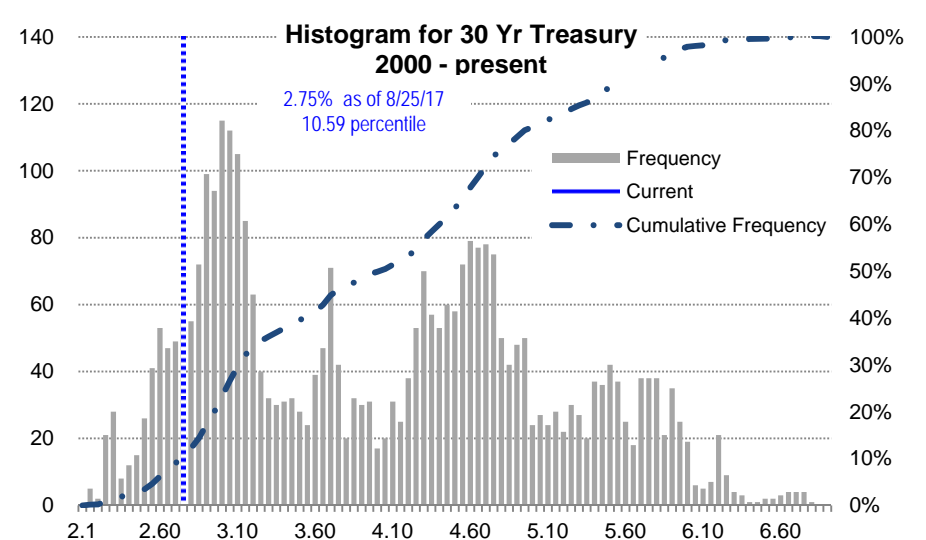
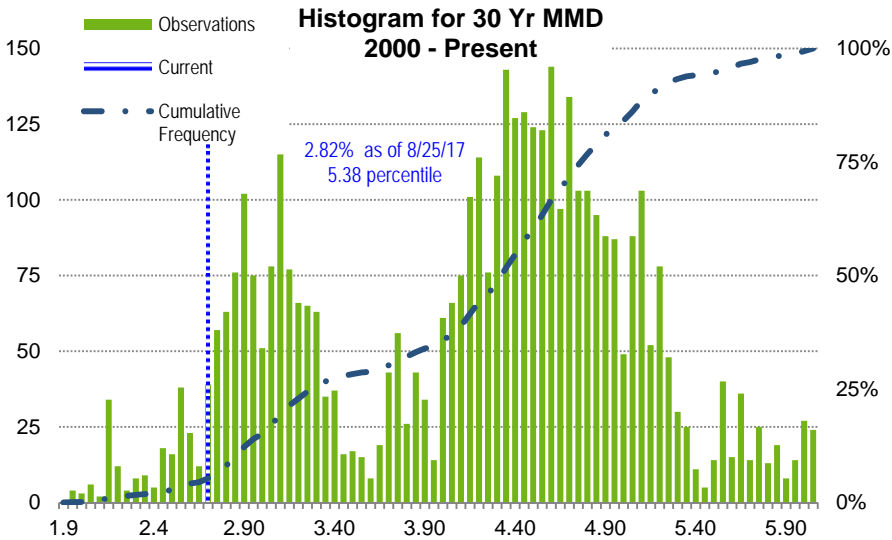
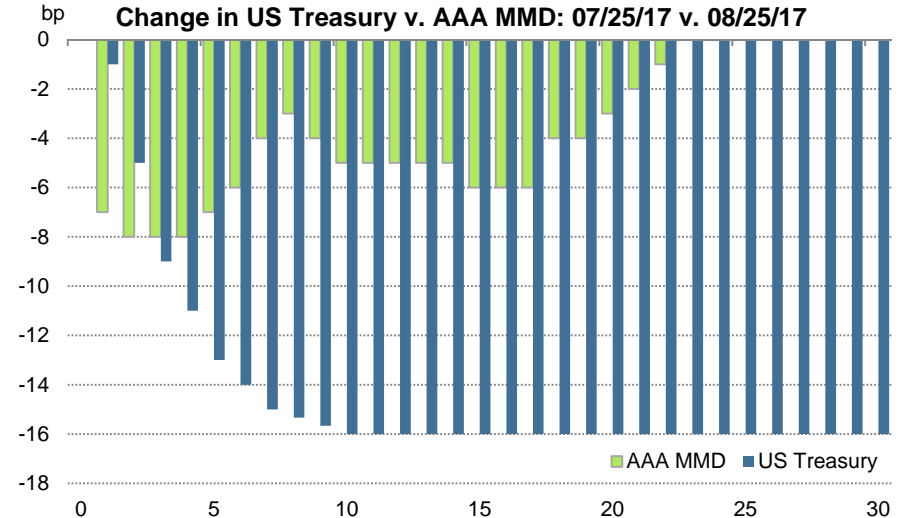
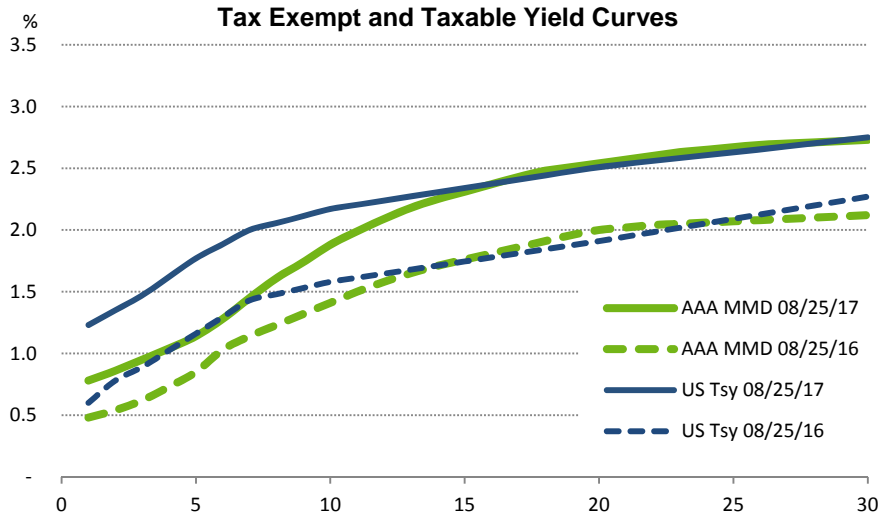
Note: Results are preliminary and subject to change based on market conditions and other factors.

Bond Market Update

Municipal Interest Rates are Currently Being Affected by Many Economic, Credit, Legislative and Fiscal Policy Factors and Finance Plans Should Consider These Dynamics and Variables



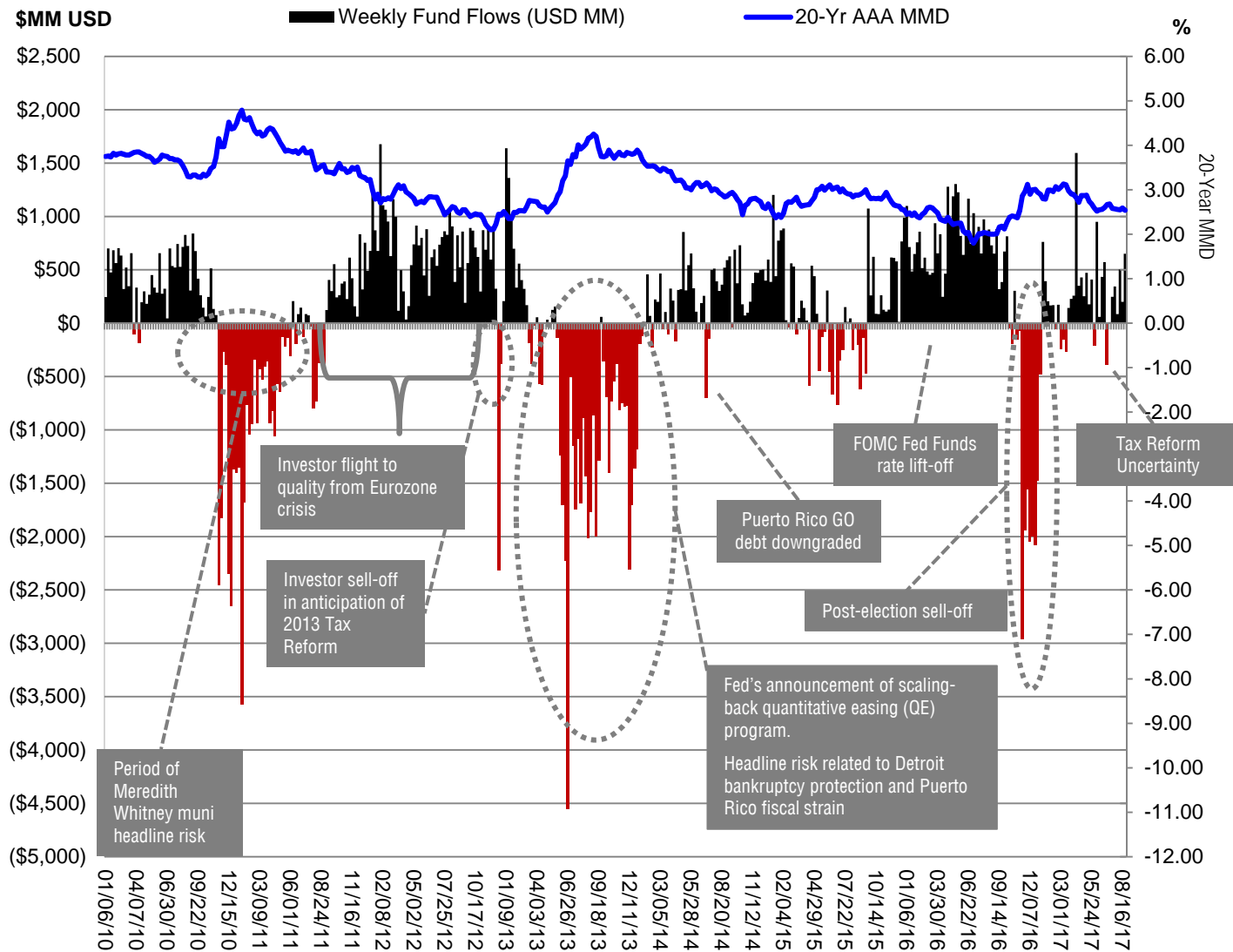
Tax-Exempt and Taxable Rates are Still Relatively Low...



Data Sources: The Municipal Market Monitor (TM3) and the U.S. Department of Treasury - Daily Treasury Yield Curve Rates



Municipal Bond Fund Flows and 20-Year MMD



Trailing 16-Week Data		
Muni Fund Reporting Date	Weekly Fund Flow (\$MM USD)	20-Yr AAA MMD
5/10/2017	\$471.60	2.88%
5/17/2017	\$176.89	2.74%
5/24/2017	\$409.68	2.68%
5/31/2017	(\$204.31)	2.59%
6/7/2017	\$949.94	2.52%
6/14/2017	\$58.58	2.55%
6/21/2017	\$433.98	2.56%
6/28/2017	\$572.29	2.60%
7/5/2017	(\$386.01)	2.67%
7/12/2017	\$10.04	2.68%
7/19/2017	\$247.68	2.58%
7/26/2017	\$343.43	2.57%
8/2/2017	\$85.95	2.56%
8/9/2017	\$503.01	2.55%
8/16/2017	\$199.78	2.59%
8/23/2017	\$650.26	2.54%

As of the weekly reporting date of 8/23/2017
 Data Source: EPFR Global Fund Flows and Allocations Data – All Muni Funds (Retail and Institutional Funds).



Mesirow Financial Public Finance

Summary of Recent Transactions and Performance

The Professionals at Mesirow Financial Bring Individual Skills and Expertise to the Transaction Execution Process



The opportunity to lead a transaction for the Town of Normal is significant for Mesirow Financial and is not something we take for granted. And, it will only be successful if every aspect of the transaction meets the Town's expectations...

Public Finance Overview

■ Commitment to Public Finance

- After the economic shock of 2008, invested in public finance as strategic growth area:
 - Added experienced staff
 - Tremendous investment in technology
 - Greatly enhanced sales and trading performance
 - Opened new office in Indianapolis in the summer of 2016

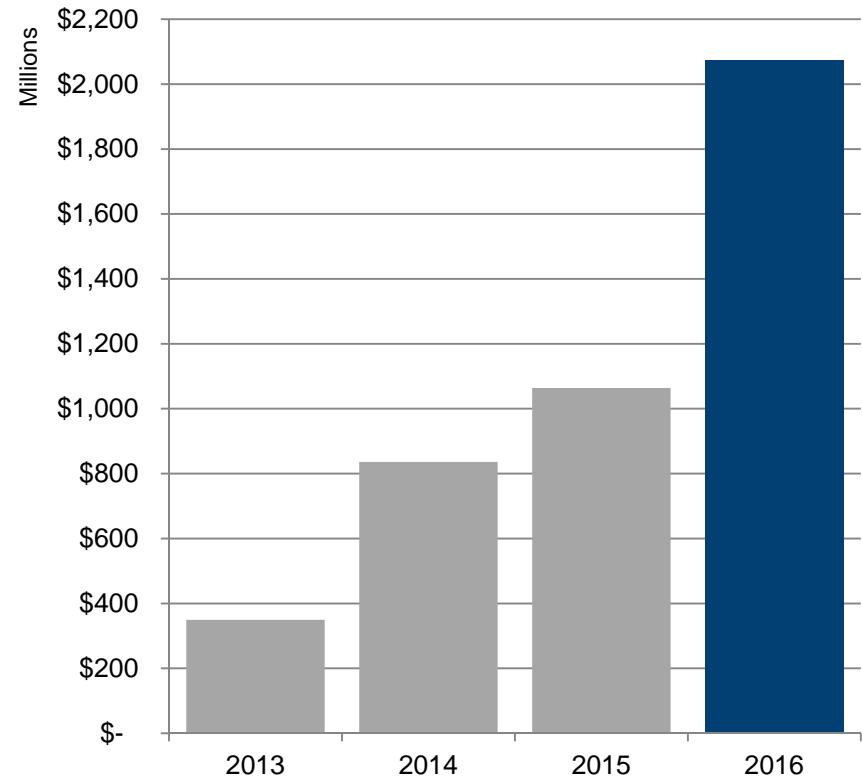
■ Banking Coverage

- Mesirow's bankers are highly skilled, many with over 20 years experience at top investment banks
- Recent hire of Greg Clark from the public sector with an extensive background in airport, special revenue tax, and 501(c)(3) financings with a focus in Indiana
- Recent addition of a Connecticut public finance team

■ Capital and Underwriting

- Since 2015, increase in competitive underwritings (mostly sole managed) reflects keen market awareness and willingness to commit capital for our clients
- Our lead underwriter, Jay Murphy, in our NYC office provides strong underwriting leadership, as evidenced by 2015 and 2016 (sole-managed) underwriting statistics.

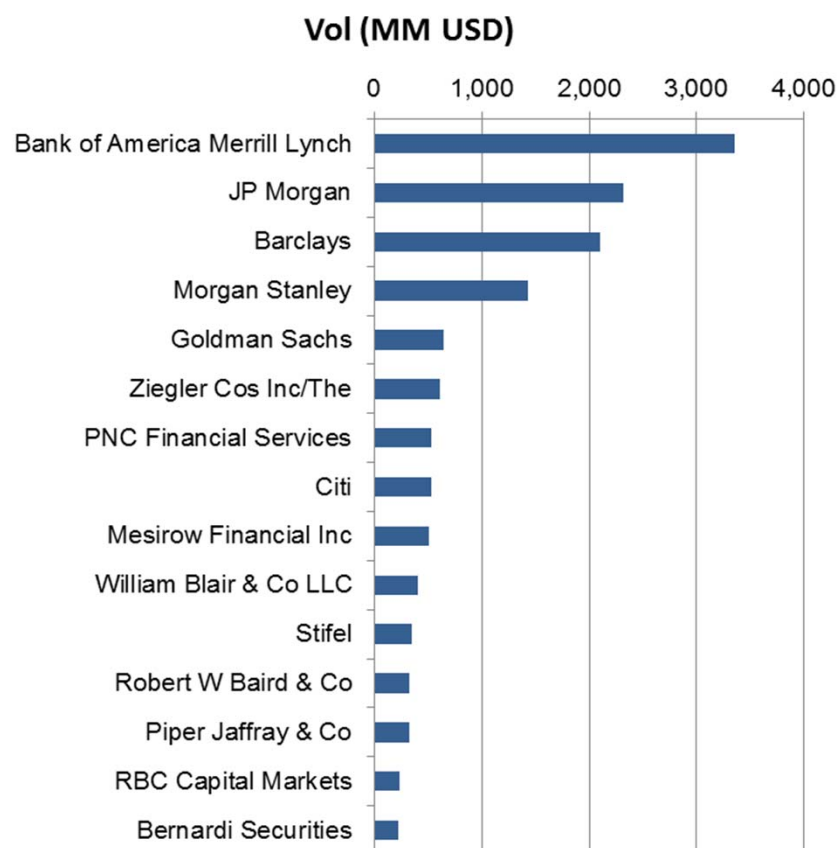
Senior Managed Municipal Transactions



Illinois Negotiated Transactions

Senior Managing Underwriter Rankings: Jan 1 – Dec 31, 2016

- Mesirow Financial ranked within the top 10 underwriters of Illinois negotiated transactions in calendar year 2016
- Our total negotiated origination exceeded \$500 million in par, placing Mesirow Financial ahead of our local middle market competitors.




Rank	Left Lead	Table Share (%)	Vol (MM USD)	Deals
1	Bank of America Merrill Lynch	22.56%	3,351	5
2	JP Morgan	15.61%	2,319	9
3	Barclays	14.10%	2,095	7
4	Morgan Stanley	9.59%	1,424	4
5	Goldman Sachs	4.30%	638	5
6	Ziegler Cos Inc/The	4.09%	608	3
7	PNC Financial Services	3.54%	526	2
8	Citi	3.53%	524	3
9	Mesirow Financial Inc	3.40%	506	30
10	William Blair & Co LLC	2.70%	401	34
11	Stifel	2.32%	345	40
12	Robert W Baird & Co	2.20%	327	28
13	Piper Jaffray & Co	2.20%	326	4
14	RBC Capital Markets	1.57%	233	11
15	Bernardi Securities	1.46%	216	59


Source: Bloomberg as of 5/23/2017
 Note: League tables exclude short-term notes




Sample of Recent Transaction Experience




City of Calumet City, IL
Senior Underwriter
\$5,710,000
February 2017
G.O. Refunding Bonds, Series 2017




Peoria Public Building Commission
(School District #150)
Senior Underwriter
\$23,350,000
February 2017
Revenue Refunding Bonds
Series 2017




Bremen School District #228
Senior Underwriter
\$50,000,000
November 2016
G.O. Ltd Tax Debt Certificates,
Series 2016




Proviso Township High School
District #209
Senior Underwriter
\$16,420,000
November 2016
Taxable G.O. Ltd Tax School
Refunding Bonds, Series 2016 B&C




Posen-Robbins School District
#143.5
Senior Underwriter
\$12,000,000
November 2016
Taxable G.O. Ltd Tax School Bonds
(QSCBs), Series B&C




Marquardt School District #15
Senior Underwriter
\$27,500,000
November 2016
Taxable G.O. Ltd Tax School Bonds
(QSCBs), Series 2016 B&C




Homewood School District #153
Senior Underwriter
\$4,435,000
October 2016
Taxable G.O. Ltd Tax School Bonds,
Series 2016A



City of Champaign, IL
Senior Underwriter
\$4,815,000
October 2016
G.O. Refunding Bonds, Series 2016




Park Forest School District #163
Senior Underwriter
\$13,000,000
September 2016
G.O. School Bonds (Alternate
Revenue Source), Series 2016A




East Aurora School District #131
Senior Underwriter
\$35,000,000
September 2016
Taxable G.O. Ltd Tax School Bonds
(QSCBs), Series 2016 C&D




Niles Park District
Senior Underwriter
\$10,460,000
September 2016
G.O. Park Bonds, Series 2016A
G.O. Ltd Tax Debt Certificates,
Series 2016B




City of Peoria, IL
Senior Underwriter
\$9,710,000
March 2016
Variable Rate G.O. Bonds
Series 2016A



East Aurora School District #131
Senior Underwriter
\$15,500,000
September 2016
Taxable G.O. School Bonds
(QSCBs), Series 2016B



Town of Normal, IL
Senior Underwriter
\$13,015,000
March 2017
G.O. Refunding Bonds,
Series 2017A



Winthrop Harbor School District #1
Senior Underwriter
\$6,510,000
June 2016
G.O. Bonds, Series 2016

Capital to Support Public Finance Clients

\$80,375,000 GO Corporate Purpose Bonds, Series 2016A (Exempt)
\$19,625,000 GO Corporate Purpose Bonds, Series 2016B (Taxable)

On December 5, 2016, Mesirow Financial ("MFI") served as sole manager for the aggregate \$100,000,000 General Obligation Corporate Purpose Bonds, Series 2016A&B. The Series 2016A tax-exempt bonds and 2016B taxable bonds were issued to fund the construction of: (1) a 6,500 seat baseball stadium facility, (2) a 40,000 sq. foot restaurant and entertainment complex, and (3) two parking garages with spaces for 2,010 vehicles. The Series 2016A&B Fixed Rate Bonds are rated "Baa1" by Moody's and "A" by S&P.

Mesirow Financial worked with the Village and Bond Counsel to modify the structure of the construction projects to maximize the amount of tax-exempt proceeds resulting in approximately 47 bps in savings. Furthermore, Mesirow Financial assisted in identifying revenue sources that would be available from previous Tax Incremental Financings that allowed the Village to fund components that were essential to the success of the current project.

After being hired as senior manager in the Fall of 2016, Mesirow Financial's primary goal was to execute a well-priced transaction quickly and efficiently. Since the municipal market had remained relatively quiet and stable throughout 2016, Mesirow Financial recommended pricing as soon as possible due to the unknown volatility the Presidential Election could create and the impending FOMC meeting. However, due to Village scheduling constraints, the earliest possible pricing period was the week of December 5th, which reduced the marketing period of the bonds to one week over the Thanksgiving Holiday. Even with this contracted pre-marketing period, Mesirow Financial broadly canvassed investors and provided in depth credit analysis which reduced concerns surrounding Village's credit profile. Mesirow Financial assured the Village that firm capital would be available to achieve the best possible pricing.

A single institutional order period was conducted and investor demand was weak due to the recent market volatility. In response to this market challenge, Mesirow Financial repriced the transaction utilizing multiple couponing strategies which lowered the All-in TIC by approximately 5 bps while creating additional demand for the bonds. After the repricing, Mesirow Financial committed over \$35,000,000 (35% of the transaction) of firm capital to purchase remaining bond balances and reducing market risk for the Village thus supporting the best possible pricing for the transaction under current market conditions.

New Issue - Book-Entry Only

Ratings: See "RATINGS" herein

Subject to compliance by the Village with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel ("Bond Counsel"), under present law, interest on the Series 2016A Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Interest on the Series 2016B Bonds is includable in gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.



\$100,000,000
VILLAGE OF ROSEMONT, ILLINOIS
 (Cook County)

\$80,375,000	\$19,625,000
General Obligation Corporate Purpose Bonds, Series 2016A	General Obligation Corporate Purpose Bonds, Taxable Series 2016B

Dated: Date of Delivery

Due: December 1, as shown on inside front cover

The General Obligation Corporate Purpose Bonds, Series 2016A (the "Series 2016A Bonds"), and the General Obligation Corporate Purpose Bonds, Taxable Series 2016B (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Bonds"), of the Village of Rosemont, Cook County, Illinois (the "Village") will be issuable only in fully registered form and will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only. Beneficial owners of the Bonds will not receive physical delivery of bond certificates.

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds shall be payable semiannually on December 1 and June 1 of each year, commencing June 1, 2017. Principal of and interest on the Bonds will be paid by Zions Bank, a Division of ZB, National Association, Chicago, Illinois, as bond registrar and paying agent (the "Bond Registrar") to DTC, which in turn will remit such principal and interest payments to its participants for subsequent disbursement to the beneficial owners of the Bonds. As long as Cede & Co. is the registered owner as nominee of DTC, payments on the Bonds will be made to such registered owner, and disbursement of such payments will be the responsibility of DTC and its participants. See Appendix C - "DTC BOOK-ENTRY ONLY SYSTEM."

Proceeds of the Series 2016A Bonds will be used to: (i) provide for the financing of the Series 2016A Projects (as defined herein); (ii) provide for the payment of the interest on the Series 2016A Bonds through December 1, 2019; and (iii) pay costs incurred in connection with the issuance of the Series 2016A Bonds. Proceeds of the Series 2016B Bonds will be used to: (i) provide for the financing of the Series 2016B Projects (as defined herein); (ii) provide for the payment of a portion of the interest on the Series 2016A Bonds for the period from December 1, 2019 through December 1, 2020; (iii) provide for the payment of interest on the Series 2016B Bonds through December 1, 2020; and (iv) pay costs incurred in connection with the issuance of the Series 2016B Bonds. See "INTRODUCTION."

The Bonds are being issued pursuant to the provisions of the Illinois Municipal Code, as amended, the Local Government Debt Reform Act, as amended, and the constitutional home rule powers of the Village. The Bonds are general obligations of the Village for which its full faith and credit have been irrevocably pledged and are payable from *ad valorem* taxes levied on all taxable property in the Village without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "SECURITY FOR THE BONDS."

A detailed schedule of the maturity dates, principal amounts, interest rates, prices and CUSIP numbers on the Bonds is set forth on the inside cover page.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp.



The Bonds are subject to optional redemption prior to their maturity and mandatory sinking fund redemption as described herein. See "DESCRIPTION OF THE BONDS - Redemption."

The Bonds are offered when, as and if issued by the Village and accepted by the Underwriter, subject to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel. Certain legal matters are subject to the approval of Burke Burns & Pinelli, Ltd., Chicago, Illinois, counsel to the Underwriter, and Rosenthal, Murphy, Coblenz & Donahue, Chicago, Illinois, counsel to the Village. It is expected that delivery of the Bonds in definitive form will be made through the facilities of DTC on or about January 5, 2017.

MESIROW FINANCIAL, INC.

Dated: December 6, 2016

Disclosure: Past performance is not indicative of future results



Specialists in Municipal Bond Underwriting and Advisory Services

To learn more about our Public Finance group, please visit mesirowfinancial.com/publicfinance

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TOWN OF NORMAL, ILLINOIS

**COMPREHENSIVE ANNUAL FINANCIAL
REPORT**



**FOR THE FISCAL YEAR ENDED
MARCH 31, 2018**

TOWN OF NORMAL, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED MARCH 31, 2018

Prepared by:
Finance Department
www.normal.org

TOWN OF NORMAL, ILLINOIS

**Balance Sheet - Governmental Funds
March 31, 2018**

	General	Debt Service
ASSETS		
Cash and Investments	\$ 22,857,760	\$ 4,417,580
Receivables - Net of Allowances		
Property Taxes	9,055,000	-
Local Taxes	1,411,282	-
Accrued Interest	47,774	-
Other	1,514,543	-
Due from Other Governments	6,414,860	-
Due from Other Funds	26,951	-
Prepays	111,660	-
Inventories	42,855	-
	<hr/>	<hr/>
Total Assets	41,482,685	4,417,580
LIABILITIES		
Accounts Payable	1,461,393	-
Accrued Payroll	1,388,473	-
Deposits Payable	1,435,013	-
Due to Other Funds	22,536	-
Other Payables	679,890	-
Total Liabilities	4,987,305	-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	9,055,000	-
Total Liabilities and Deferred Inflows of Resources	14,042,305	-
FUND BALANCES		
Nonspendable	154,515	-
Restricted	-	4,417,580
Committed	-	-
Assigned	706,982	-
Unassigned	26,578,883	-
Total Fund Balances	27,440,380	4,417,580
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 41,482,685	\$ 4,417,580

The notes to the financial statements are an integral part of this statement.

Capital Projects			
Fire Station Capital Investment	Uptown TIF	Nonmajor	Totals
\$ 3,316,947	\$ -	\$ 5,715,763	\$ 36,308,050
-	2,292,337	855,282	12,202,619
-	-	-	1,411,282
-	-	10,708	58,482
-	-	727,450	2,241,993
-	-	101,996	6,516,856
-	-	-	26,951
-	-	-	111,660
-	-	-	42,855
<u>3,316,947</u>	<u>2,292,337</u>	<u>7,411,199</u>	<u>58,920,748</u>
411,335	-	510,578	2,383,306
-	-	-	1,388,473
-	-	-	1,435,013
-	-	-	22,536
-	-	-	679,890
<u>411,335</u>	<u>-</u>	<u>510,578</u>	<u>5,909,218</u>
-	2,292,337	855,282	12,202,619
<u>411,335</u>	<u>2,292,337</u>	<u>1,365,860</u>	<u>18,111,837</u>
-	-	-	154,515
-	-	2,491,943	6,909,523
-	-	150,014	150,014
2,905,612	-	3,403,382	7,015,976
-	-	-	26,578,883
<u>2,905,612</u>	<u>-</u>	<u>6,045,339</u>	<u>40,808,911</u>
<u>\$ 3,316,947</u>	<u>\$ 2,292,337</u>	<u>\$ 7,411,199</u>	<u>\$ 58,920,748</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended March 31, 2018**

	General	Debt Service
Revenues		
Taxes	\$ 35,615,094	\$ -
Intergovernmental	15,334,881	-
Charges for Services	10,109,655	-
Licenses and Permits	726,483	-
Fines and Forfeitures	1,109,360	-
Investment Income	171,063	2,357
Miscellaneous	1,578,239	222,437
Total Revenues	<u>64,644,775</u>	<u>224,794</u>
Expenditures		
Current		
General Government	10,828,810	-
Public Safety	24,331,029	-
Highway and Streets	4,764,413	-
Sanitation	2,341,124	-
Culture and Recreation	9,768,815	-
Community Development	8,727,371	-
Debt Service		
Principal Payment	-	1,986,692
Interest and Fiscal Charges	-	3,257,411
Total Expenditures	<u>60,761,562</u>	<u>5,244,103</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,883,213</u>	<u>(5,019,309)</u>
Other Financing Sources (Uses)		
Disposal of Capital Assets	236,177	-
Debt Issuance	-	9,255,000
Premium on Debt Issuance	-	561,691
Payment to Escrow Agent	-	(9,685,782)
Transfers In	237,321	4,031,728
Transfers Out	(4,864,285)	(148,715)
	<u>(4,390,787)</u>	<u>4,013,922</u>
Net Change in Fund Balances	(507,574)	(1,005,387)
Fund Balances - Beginning	<u>27,947,954</u>	<u>5,422,967</u>
Fund Balances - Ending	<u>\$ 27,440,380</u>	<u>\$ 4,417,580</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects			
Fire Station Capital Investment	Uptown TIF	Nonmajor	Totals
\$ -	\$ 2,170,632	\$ 808,779	\$ 38,594,505
-	-	1,783,255	17,118,136
-	-	91,346	10,201,001
-	-	-	726,483
-	-	-	1,109,360
60,369	2,314	58,480	294,583
-	-	742,407	2,543,083
60,369	2,172,946	3,484,267	70,587,151
2,353,435	321,235	2,414,731	15,918,211
3,422,451	-	879,847	28,633,327
-	-	4,347,953	9,112,366
-	-	-	2,341,124
-	-	1,391,234	11,160,049
-	-	789,708	9,517,079
-	-	-	1,986,692
-	-	-	3,257,411
5,775,886	321,235	9,823,473	81,926,259
(5,715,517)	1,851,711	(6,339,206)	(11,339,108)
-	-	-	236,177
-	-	-	9,255,000
-	-	-	561,691
-	-	-	(9,685,782)
-	-	3,083,254	7,352,303
(398,986)	(1,851,711)	(88,606)	(7,352,303)
(398,986)	(1,851,711)	2,994,648	367,086
(6,114,503)	-	(3,344,558)	(10,972,022)
9,020,115	-	9,389,897	51,780,933
\$ 2,905,612	\$ -	\$ 6,045,339	\$ 40,808,911

The notes to the financial statements are an integral part of this statement.

TOWN OF NORMAL, ILLINOIS

Nonmajor Governmental Funds

Combining Balance Sheet

March 31, 2018

	Special Revenue			
	Motor Fuel Tax	Community Development	Fed Equitable Sharing	Park Land Dedication
ASSETS				
Cash and Investments	\$ 2,134,104	\$ 1,000	\$ 89,424	\$ 150,014
Receivables - Net of Allowances				
Property Taxes	-	-	-	-
Interest	5,775	-	-	-
Other	307,200	-	-	-
Due from Other Governments	101,996	-	-	-
Total Assets	<u>\$ 2,549,075</u>	<u>\$ 1,000</u>	<u>\$ 89,424</u>	<u>\$ 150,014</u>
LIABILITIES				
Accounts Payable	\$ 373,958	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>373,958</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	2,175,117	1,000	89,424	-
Committed	-	-	-	150,014
Assigned	-	-	-	-
Total Fund Balances	<u>2,175,117</u>	<u>1,000</u>	<u>89,424</u>	<u>150,014</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,549,075</u>	<u>\$ 1,000</u>	<u>\$ 89,424</u>	<u>\$ 150,014</u>

Capital Projects							
Capital Investment	Hotel Dev. and Fire Station	Main and Osage TIF	Main and I-55 TIF	One Normal Plaza	Roadway	Northtown TIF	Totals
\$ 933,575	\$ -	\$ 226,298	\$ -	\$ 104	\$ 2,181,244	\$ -	\$ 5,715,763
-	-	825,472	10,145	19,072	-	593	855,282
2,657	-	-	-	-	2,276	-	10,708
420,250	-	-	-	-	-	-	727,450
-	-	-	-	-	-	-	101,996
<u>\$ 1,356,482</u>	<u>\$ -</u>	<u>\$ 1,051,770</u>	<u>\$ 10,145</u>	<u>\$ 19,176</u>	<u>\$ 2,183,520</u>	<u>\$ 593</u>	<u>\$ 7,411,199</u>
\$ 128,173	\$ -	\$ -	\$ -	\$ -	\$ 8,447	\$ -	\$ 510,578
-	-	825,472	10,145	19,072	-	593	855,282
<u>128,173</u>	<u>-</u>	<u>825,472</u>	<u>10,145</u>	<u>19,072</u>	<u>8,447</u>	<u>593</u>	<u>1,365,860</u>
-	-	226,298	-	104	-	-	2,491,943
-	-	-	-	-	-	-	150,014
1,228,309	-	-	-	-	2,175,073	-	3,403,382
<u>1,228,309</u>	<u>-</u>	<u>226,298</u>	<u>-</u>	<u>104</u>	<u>2,175,073</u>	<u>-</u>	<u>6,045,339</u>
<u>\$ 1,356,482</u>	<u>\$ -</u>	<u>\$ 1,051,770</u>	<u>\$ 10,145</u>	<u>\$ 19,176</u>	<u>\$ 2,183,520</u>	<u>\$ 593</u>	<u>\$ 7,411,199</u>

TOWN OF NORMAL, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended March 31, 2018**

	Special Revenue			
	Motor Fuel Tax	Community Development	Fed Equitable Sharing	Park Land Dedication
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,401,639	381,616	-	-
Charges for Services	-	-	-	91,346
Investment Income	30,212	-	134	215
Miscellaneous	307,200	6,108	-	-
Total Revenues	1,739,051	387,724	134	91,561
Expenditures				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Highway and Streets	3,467,145	-	-	-
Culture and Recreation	-	-	-	-
Community Development	-	387,725	-	-
Total Expenditures	3,467,145	387,725	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,728,094)	(1)	134	91,561
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Net Change in Fund Balances	(1,728,094)	(1)	134	91,561
Fund Balances - Beginning	3,903,211	1,001	89,290	58,453
Fund Balances - Ending	\$ 2,175,117	\$ 1,000	\$ 89,424	\$ 150,014

Capital Projects							
Capital Investment	Hotel Dev. and Fire Station	Main and Osage TIF	Main and I-55 TIF	One Normal Plaza	Roadway	Northtown TIF	Totals
\$ -	\$ -	\$ 789,354	\$ -	\$ 18,838	\$ -	\$ 587	\$ 808,779
-	-	-	-	-	-	-	1,783,255
-	-	-	-	-	-	-	91,346
3,347	798	948	-	110	22,716	-	58,480
429,099	-	-	-	-	-	-	742,407
432,446	798	790,302	-	18,948	22,716	587	3,484,267
1,688,082	-	726,649	-	-	-	-	2,414,731
-	879,847	-	-	-	-	-	879,847
-	-	-	-	-	880,808	-	4,347,953
1,391,234	-	-	-	-	-	-	1,391,234
401,983	-	-	-	-	-	-	789,708
3,481,299	879,847	726,649	-	-	880,808	-	9,823,473
(3,048,853)	(879,049)	63,653	-	18,948	(858,092)	587	(6,339,206)
2,578,986	-	-	-	-	504,268	-	3,083,254
-	-	-	-	(88,019)	-	(587)	(88,606)
2,578,986	-	-	-	(88,019)	504,268	(587)	2,994,648
(469,867)	(879,049)	63,653	-	(69,071)	(353,824)	-	(3,344,558)
1,698,176	879,049	162,645	-	69,175	2,528,897	-	9,389,897
\$ 1,228,309	\$ -	\$ 226,298	\$ -	\$ 104	\$ 2,175,073	\$ -	\$ 6,045,339

TOWN OF NORMAL, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended March 31, 2018**

	Motor Fuel Tax	
	Final Budget	Actual
Revenues		
Taxes	\$ -	\$ -
Intergovernmental	1,420,000	1,401,639
Charges for Services	-	-
Investment Income	41,000	30,212
Miscellaneous	200,000	307,200
Total Revenues	<u>1,661,000</u>	<u>1,739,051</u>
Expenditures		
Current		
General Government	-	-
Public Safety	-	-
Highway and Streets	3,632,432	3,467,145
Culture and Recreation	-	-
Community Development	-	-
Total Expenditures	<u>3,632,432</u>	<u>3,467,145</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,971,432)</u>	<u>(1,728,094)</u>
Other Financing Sources (Uses)		
Transfers In	-	-
Transfers Out	(68,597)	-
	<u>(68,597)</u>	<u>-</u>
Net Change in Fund Balances	<u><u>\$ (2,040,029)</u></u>	(1,728,094)
Fund Balances - Beginning		<u>3,903,211</u>
Fund Balances - Ending		<u><u>\$ 2,175,117</u></u>

Special Revenue					
Community Development		Fed Equitable Sharing		Park Land Dedication	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
606,948	381,616	10,000	-	-	-
-	-	-	-	91,417	91,346
-	-	85	134	135	215
3,800	6,108	-	-	-	-
<u>610,748</u>	<u>387,724</u>	<u>10,085</u>	<u>134</u>	<u>91,552</u>	<u>91,561</u>
-	-	-	-	-	-
-	-	10,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
610,770	387,725	-	-	-	-
<u>610,770</u>	<u>387,725</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
(22)	(1)	85	134	91,552	91,561
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (22)</u>	(1)	<u>\$ 85</u>	134	<u>\$ 91,552</u>	91,561
	<u>1,001</u>		<u>89,290</u>		<u>58,453</u>
	<u>\$ 1,000</u>		<u>\$ 89,424</u>		<u>\$ 150,014</u>

TOWN OF NORMAL, ILLINOIS

Nonmajor Governmental Funds

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
For the Fiscal Year Ended March 31, 2018**

	Capital Investment		Hotel Dev. and Fire Station	
	Final Budget	Actual	Final Budget	Actual
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	106,497	-	-	-
Charges for Services	-	-	-	-
Investment Income	13,000	3,347	798	798
Miscellaneous	413,400	429,099	-	-
Total Revenues	<u>532,897</u>	<u>432,446</u>	<u>798</u>	<u>798</u>
Expenditures				
Current				
General Government	1,826,177	1,688,082	-	-
Public Safety	-	-	879,847	879,847
Highway and Streets	-	-	-	-
Culture and Recreation	1,445,875	1,391,234	-	-
Community Development	621,570	401,983	-	-
Total Expenditures	<u>3,893,622</u>	<u>3,481,299</u>	<u>879,847</u>	<u>879,847</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,360,725)</u>	<u>(3,048,853)</u>	<u>(879,049)</u>	<u>(879,049)</u>
Other Financing Sources (Uses)				
Transfers In	2,578,987	2,578,986	-	-
Transfers Out	-	-	-	-
	<u>2,578,987</u>	<u>2,578,986</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (781,738)</u>	<u>(469,867)</u>	<u>\$ (879,049)</u>	<u>(879,049)</u>
Fund Balances - Beginning		<u>1,698,176</u>		<u>879,049</u>
Fund Balances - Ending		<u>\$ 1,228,309</u>		<u>\$ -</u>

Capital Projects							
Main and Osage TIF		One Normal Plaza		Roadway		Northtown TIF	
Final Budget	Actual	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
\$ 789,355	\$ 789,354	\$ 18,839	\$ 18,838	\$ -	\$ -	\$ 587	\$ 587
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
220	948	5	110	27,200	22,716	-	-
-	-	-	-	-	-	-	-
<u>789,575</u>	<u>790,302</u>	<u>18,844</u>	<u>18,948</u>	<u>27,200</u>	<u>22,716</u>	<u>587</u>	<u>587</u>
952,220	726,649	69,167	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	899,263	880,808	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>952,220</u>	<u>726,649</u>	<u>69,167</u>	<u>-</u>	<u>899,263</u>	<u>880,808</u>	<u>-</u>	<u>-</u>
(162,645)	63,653	(50,323)	18,948	(872,063)	(858,092)	587	587
-	-	-	-	504,268	504,268	-	-
-	-	(88,019)	(88,019)	-	-	(587)	(587)
-	-	(88,019)	(88,019)	504,268	504,268	(587)	(587)
<u>\$ (162,645)</u>	63,653	<u>\$ (138,342)</u>	(69,071)	<u>\$ (367,795)</u>	(353,824)	<u>\$ -</u>	-
	<u>162,645</u>		<u>69,175</u>		<u>2,528,897</u>		<u>-</u>
	<u>\$ 226,298</u>		<u>\$ 104</u>		<u>\$ 2,175,073</u>		<u>\$ -</u>



REPORT OF INDEPENDENT ACCOUNTANTS

July 17, 2018

The Honorable Town Mayor
Members of the Town Council
Town of Normal, Illinois

We have examined management's assertion included in its representation report that the Town of Normal, Illinois, with respect to the Downtown Redevelopment Project Area, complied with the requirements of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended March 31, 2018. As discussed in that representation letter, management is responsible for the Town of Normal, Illinois' compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Town of Normal, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town of Normal, Illinois' compliance with specified requirements.

In our opinion, management's assertion that the Town of Normal, Illinois complied with the aforementioned requirements during the year ended March 31, 2018 is fairly stated in all material respects.

This report is intended solely for the information and use of the Town Mayor, Town Council, management, and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Lauterbach & Amen LLP

LAUTERBACH & AMEN, LLP